

Business Edge

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Casinos adopting 'go-slow' strategy

Operators hedge bets
during current downturn

By Monte Stewart
Business Edge

Canadian casino operators are checking their bets on expansion projects and acquisitions until the struggling North American economy improves.

Some previously announced major expansion projects have been postponed, while long-range plans are being put off further.

The slow play comes as operators in both Canada and the United States grapple with reduced revenues and financial analysts are forecasting a recession that will be the worst in recent memory because of the credit crunch, asset-backed commercial paper crisis, lower commodity prices and other global factors.

Bill Rutsey, president and CEO of the Toronto-based Canadian Gaming Association, which represents casino operators and industry suppliers, says more companies are likely to hold off on expansions because of tightening credit markets.

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NEWSSTAND \$2

Swinging for the fences



Bayne Stanley, Business Edge

Lumber trader plays profit margin game

Lignum Forest Products managing partner Jake Kerr is enjoying taking his cuts running the lumber-trading firm, despite the many challenges facing the Canadian forestry industry. The former sawmill company operator and current owner of the Vancouver Canadians baseball team talks about his dual careers in **20 Questions** on **Page 8**.

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Jake Kerr, managing partner of Lignum Forest Products LLP, explains why he's glad to be running the lumber-trading company and not operating a sawmill in these troubled industry times.

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solution when the budget is unveiled this month, it needs an economic blueprint that addresses long-term issues, says columnist D'Arcy Jenish.

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The supposed curse of living in interesting times seems an apt metaphor for the year to come, but it's also a great anchor to highlight several technology trends, says columnist Tom Keenan.

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Correction

Burcon Nutrascience had expected to spend \$3 million over two years bringing its canola-protein extraction process to market, but has spent \$30 million over 10 years, according to Johann Tergesen, president and COO of the Winnipeg company. Incorrect information appeared in the Dec. 12, 2008, edition of *Business Edge*.

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How to turn the tables on complaining

Minister's purple wristbands are becoming a hit around the world

By David Hatton
Business Edge

If Will Bowen had his way, there would be an 11th commandment: Thou shall not complain.

The Kansas City minister, who will be speaking in Toronto this month, has been working almost non-stop since the summer of 2006, when he passed out purple elastic wristbands to his congregation, challenging them to try and go 21 days without whining, grumbling or – the biggest sin – sarcasm.

The purple bracelets would serve as a reminder of their promise. If someone slips up and starts to grumble, they are supposed to take the band off their wrist and switch it to the opposite arm.



Will Bowen

"It was originally part of a sermon I did on prosperity," he said in a recent interview with *Business Edge*. "People spend too much time focusing on what they don't have rather than what they could have. More effort should be put into resolving the issues and seeking compromise and understanding."

Bowen adds family and friends are asked to remind the person about the deal if they begin to even mutter under their breath.

"It's not just another bracelet to support a cause. This is to help you go at least 21 days without complaining," he says. "That way, it can start to become a habit and lead the way to a better, complaint-free world."

But that could be a tough task for some. Bowen says that from getting cut off in traffic during the morning commute to attending extra-long meetings, the average person complains about 20 to 30 times a day.

"It's not about just shutting up and dealing with it, either. If you are speaking directly with the person who can resolve the issue, that's not a complaint. You also need to offer your own solutions on how to deal with the challenge."

So how did Bowen do at curbing his own complaining ways? The pastor admits after several failed attempts, it took him two months to reach his goal. He says it's still realistic to achieve, however.

Almost immediately after the sermon, Bowen started to get international attention for his cause. He was invited on the *Oprah Winfrey Show* and was featured in a photo spread in *People* magazine. Requests for purple bracelets started to pile in from all over the world.

An internationally best-selling book was eventually published with an accompanying DVD. Schools have even contacted Bowen about helping

to develop a complaint-free curriculum. One shipment of bracelets went out to a group of U.S. soldiers serving in Iraq.

"Since then, we've filled orders for about six million bracelets from 106 countries. It's taken off well beyond our expectations," he says.

One of the most unusual requests came from Georgia-based insurance giant Aflac, known for its duck mascot. But the company didn't want complaint-free wristbands for its workers – they ordered them for senior executives and managers.

"The idea was that managers should set an example, and then if that worked, it would filter down to all their other employees. Apparently, it went really well for morale and ultimately, productivity," he

says.

Bowen could be facing his toughest audience yet this month as he heads to the recession-weary streets of Toronto, where thousands of people have been laid off in recent months. He's scheduled as a guest speaker at the annual Human Resources Professionals Association (HRPA) conference.

Bowen's session, Creating a Complaint-Free Organization: How to Stop the Complaining and Start Building Co-Operation, kicks off the conference at the Metro Toronto Convention Centre with a 7 a.m. early-bird session on Jan. 28, just as most delegates are having their first cup of coffee.

"I've spoken to Fortune 20 companies and senior executives all over. People need to focus on the 'what can be' rather than 'what is,'" he says. "You need to begin with the desired end in mind. Create a vision. For example, what would it be like if we increased our business by 30 percent?"

Bowen says people also need to realize the economy is not ultimately responsible for their business – they are. "Take ownership of the situation and gain back control of what's happening."

About 6,000 people are expected at this year's conference from across Canada and abroad, HRPA CEO Bill Greenhalgh said in an interview. Another 400 academic papers are scheduled for presentation.

"This year, certainly, the economy is a big issue we will be discussing," Greenhalgh says. "Demographics is another major topic, with all the Baby Boomers getting close to retirement."

Despite all the issues, it's more important than ever for human-resources professionals to create and foster positive workplace environments, he adds.

One of the conference's keynote speakers is urban development guru

Richard Florida, who is scheduled to speak on "Managing Talent in the Creative Era." It's not known, however, if Florida will drop any hints about what's in his upcoming \$2.2-million report on Ontario's economic future.

Premier Dalton McGuinty asked Florida last year to team up with Roger Martin, dean of the Rotman School of Business, and report on what Ontario can do to ensure long-term economic success. The report is expected to be delivered in February.

Nora Spinks, president and founder of Work-Life Harmony Enterprises in Toronto, said Bowen's complaint-free message is interesting.

"It's a noble cause for sure, but it could be difficult," she says. "When you

have any situation where there is a great deal of unpredictability and change, people could be reluctant to come forward at all with anything. That's a time when you need open lines of communication more than ever.

"It's not really about complaining. It's about problem resolution in a constructive way. It's about creating environments that are civil and respectful of all the participants. These are times when you need to set up a mechanism where people can feel safe and secure."


Web watch:

www.acomplaintfreeworld.org

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(David Hatton can be reached at hatton@businessedge.ca)



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REDUCTIONS from Page 1

Gaming operators don't expect business to fold

The delays will occur primarily from lack of access to debt and equity markets rather than revenue reductions, he adds.

"It's probably that (tight credit) rather than an overall lack of market," he says. "People like entertainment whether it's in good times or bad times. People go to the movies, they watch television and they'll go to baseball games and/or they'll go to a casino if that's their preferred form of entertainment. It's not as if the business is going to disappear."

Rutsey notes Las Vegas-based operators have suffered more than their Canadian counterparts, because 60 percent of their revenues are non-gaming related – "hotel, food and beverage, retail and things of that nature."

"Revenues in Canada are substantially gaming-related, so properties stand to be less affected from the overall consumer-spending downturn," says Rutsey.

Great Canadian Gaming Corp., the country's largest gaming company, has put off \$53 million worth of capital projects at its flagship property, the River Rock Hotel in Richmond, and the View Royal casino on Vancouver Island.

"I'm certain that the industry as a whole is going to look and see (how to proceed)," says Howard Blank, vice-president of communications for the Richmond, B.C.-based company. "Obviously, (personal entertainment spending) is something that everybody is going to look closely at."

Blank says the expansions will not resume for at least a year, but no layoffs are anticipated.

"We are being prudent as a company not to rely on debt and we felt it was best to extend our construction times over a long period of time, as opposed to putting all of our eggs in one basket in one year," he says.

While it postpones stand-alone casino upgrades in B.C., the company is still proceeding with the expansion of its racino at the Georgian Downs harness racing track in Ontario.

Some casino operators, including Caesars Windsor in Ontario, outraced the credit crisis by securing funds in previous years and completing expansions earlier this year.

"We just got over a major one, so I don't see any in the foreseeable future, but there is room to develop what we have," says Holly Ward, communications director for Caesars Windsor, adding the recent expansion was planned back in 2001.

Caesars Windsor completed a \$439-million expansion last June. It renovated its entire existing site and opened a new hotel tower, bringing room capacity to 758, as well as a 5,000-seat Colosseum and 100,000-sq.-ft. convention centre.



File photo by Bayne Stanley, Business Edge

Great Canadian Gaming Corp. vice-president of communications Howard Blank says the company is 'being prudent.'

The casino – rebranded from Casino Windsor in conjunction with the summer expansion – is owned by the Ontario government and operated by Las Vegas-based Harrah's Entertainment, which controls the popular Caesars brand. The province funded the improvements.

No new casinos are planned in Ontario. In 2005, amidst concerns about problem gambling and increased U.S. competition, the province adopted a gaming strategy whereby it would only expand existing venues, rather than construct more.

While postponing expansion plans, Great Canadian Gaming Corp. and other casino operators north and south of the border are grappling with revenue reductions.

"We're located just across from Detroit and the majority of our customers are Americans," says Ward. "People are a little bit more, I guess, reserved with their disposable income at the moment, which is understandable."

Meanwhile, Darcy Will, president of Calgary West Hospitality Inc., which, together with Will family-controlled Gamehost Income Fund, owns four casinos in Alberta, says Great Canadian's postponements are likely to have a trickle-down effect throughout the industry.

"The industry in Canada is flat," says Will. "I don't see any growth for '09."

When it comes to expansion, casino operators across the country are

"going slower" because of the economy and looking to curb costs, Will adds. "Nobody (in the industry) knows where we're going," he says. "We're living history here in our lifetime."

Will and his brother David own and operate two casinos in Calgary and one each in Grande Prairie and Fort McMurray. Calgary West purchased the Stampede Casino from the Calgary Stampede board for about \$60 million in June.

Darcy Will says he is holding off on plans to expand both the downtown Stampede facility, which moved into a new building in recent months, and his company's Deerfoot casino in the city's northeast.

"We probably wouldn't do anything for a year or so," says Will. "We think there might be an opportunity for

acquisitions in the next year or two years, given the economy."

But his companies are still building a new 145-unit motel across from Deerfoot, and the new facility will be used as an overflow site for Deerfoot convention-goers and boost food and beverage revenues at the casino property.

He adds his firm had opportunities to invest in Ontario in the past two years, but declined because of unfamiliarity with the market and concerns about heavy U.S. competition in the Buffalo area.

Both Will and Great Canadian's Blank say casinos in Canada will fare better than their American counterparts because they cater primarily to local residents, not tourists.

"Canada as a whole has a good casino industry," says Will. "I'd be very surprised to see anybody bite the dust here."

Statistics Canada figures show Albertans gamble more than other Canadians.

Although oilsands operators are also postponing their expansion projects, Will says his firm's Fort McMurray casino is expected to do well because of massive infrastructure spending that is now underway, the large number of people required to provide maintenance and care on existing sites, and higher-than-average salaries in northern Alberta.

"Tough times in Alberta are good times in other places," he says.

In B.C., Gateway Casinos, a Burnaby-based company that operates nine casinos in B.C. and Alberta, has also said it will re-examine its options due to the weakening economy.

The firm had planned \$50 million worth of capital-spending increases at its Okanagan facilities after opening the Grand Villa casino in Burnaby and Starlight casino in New Westminster earlier this year. The Grande Villa casino is part of a \$180-million hotel project that is due for completion next spring.

(Monte Stewart can be reached at monte@businessedge.ca)



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Saul Chernos, Business Edge

Environmental activist Julia Bonds overlooks the aftermath of mountain-top removal at a coal mine in Kayford Mountain in West Virginia.

Future of 'clean' coal fires furious debate

Critics say green sheen is off, advocates say it's needed more than ever

By Saul Chernos
Business Edge

Coal has been glamorized by proponents as a "clean" energy compatible with fighting climate change. However, critics say the green sheen is coming off coal's future.

Clean-coal technology is proving costly, will take decades to become commercially viable, and will not adequately resolve coal's polluting footprint, they add.

"Clean coal doesn't exist – it's a PR device," says Jack Gibbons, chair of the Ontario Clean Air Alliance, a non-profit that helped convince the government in that province to decide to phase out its coal-burning power plants, of which four currently remain, by the end of 2014.

The "clean" in "clean coal" refers to a reduction of its environmental impact when burned to generate electricity. Three main technologies – pre-combustion (gasification), post-combustion and oxygen-fuel combustion – have come to the fore, designed to isolate pollutants so they can be sequestered underground or otherwise stored and not sent up the stack.

For now, coal remains a big deal in electricity generation.

According to the Calgary-based Coal Association of Canada (CAC), coal generates roughly 39 percent of the world's electricity and 17 percent of that used in Canada.

With mines in British Columbia, Saskatchewan and Alberta, and to a

lesser extent in the Maritimes, Canada ranks 10th globally in total reserves, with four billion tonnes of bituminous coal, the kind burned to generate power.

The CAC and other advocates say Canadian coal offers more stored energy than do all of our oil, natural gas and oilsands supplies combined.

"To satisfy Canada's energy demands going forward, you need to keep all sources of energy on the table," says Bob Stobbs, executive director with the Canadian Clean Power Coalition, an industry group whose members predominantly include coal-burning utilities from Alberta, Saskatchewan, Nova Scotia and North Dakota.

"We're going to need everything we can get our hands on."

Stobbs notes natural gas has experienced wild price fluctuations and other energy options also bear a high price tag.

However, coal's carbon-rich quality is also its Achilles heel. With an age-old reputation as sooty and polluting, coal is under fire from scientists who say its burning accounts for a significant percentage of global greenhouse gas emissions.

George Nutter, a spokesman for the Ontario Ministry of Energy and Infrastructure, says the decision to move away from coal is based on environmental and economic reasoning.

"The government is interested in reducing carbon-dioxide emissions, and there's no technology in place commercially at this point in time

that addresses this," he says.

The province sees natural gas, nuclear power and renewables as part of an overall energy mix, he adds. "We looked at the most cost-effective approach and determined that meeting Ontario's electricity needs did not require coal-fired plants."

However, clean coal still has widespread political support, particularly in the United States. When they stumped through Appalachia – the heart of U.S. coal country that stretches from southern New York state to northern Alabama, Mississippi and Georgia – during the recent U.S. presidential campaign, both John McCain and Barack Obama supported clean coal.

Obama, slated to be sworn in Jan. 20, outlined spending on clean coal and other technologies in order to reduce greenhouse-gas emissions.

In Canada, successive governments have also backed clean coal.

Bill Pearson, a research engineer with Natural Resources Canada, was a project leader when the then-Liberal federal government launched its Clean Coal Technology Roadmap in 2002 to see how coal might gain a new, clean lease on life.

"Coal was looked at as a fuel that emitted a lot of pollution, and there was pressure to bring it to near-zero emission," Pearson says.

"There's particulates, nitrogen oxide, sulphur dioxide and mercury, but what really tipped the scale was carbon dioxide," he adds. "Its emis-

sion intensity relative to other fossil fuels is very high. Something had to be done, and it wasn't just a matter of tweaking. We looked at major design changes and we're trying to have coal-fired power plants be near zero emissions by 2020."

Gibbons of the Ontario Clean Air Alliance says existing clean-coal technologies may reduce nitrogen oxide, sulphur dioxide and other particulate emissions, but do not resolve problems with carbon dioxide because plants have to burn more fuel to produce each kilowatt-hour of electricity, thus increasing their net greenhouse-gas emissions.

He adds that clean-coal technology has large capital costs and is a decade or more from commercial availability.

"There are much better ways to invest taxpayers' money than trying to make coal clean," he says.

"The coal industry wants taxpayers to subsidize their research and development programs, to help their industry survive, but you get a much bigger bang for your buck by investing in energy efficiency, renewable energy and natural gas-fired combined heat and power technologies."

In February 2008, the federal government announced that its budget included \$240 million toward a \$1.4-billion carbon-capture project planned in Saskatchewan and the Alberta government is in the process of funding a \$2-billion program.

See COAL

Page 7

Apologetic McCain named top business newsmaker of '08

The Canadian Press

Michael McCain's response to the listeriosis outbreak that killed 20 Canadians last summer showed both genuine compassion and cutthroat business sense, and helped Maple Leaf Foods Inc. (TSX:MFI) emerge relatively unscathed from one of the worst food-borne illness outbreaks in Canadian history.

That public-health disaster turned business success story has made the Maple Leaf CEO Canada's 2008

Business Newsmaker of the Year, as chosen in an annual survey of editors and broadcasters by *The Canadian Press*.

McCain garnered 44 of 125 votes cast in the business newsmaker survey, followed by Conrad Black with 29 and Finance Minister Jim Flaherty with 25.

Shortly after dozens of cases of listeriosis were linked to cold cuts produced at Maple Leaf's Toronto plant on Aug. 23, McCain appeared in a television ad to issue a candid

and abject apology for the outbreak.

"We have an unwavering commitment to keeping your food safe with standards well beyond regulatory requirements, but this week our best efforts failed and we are deeply sorry," an upset-looking McCain said.

His apology could not have seemed more personal or heartfelt. And he was widely praised at the time for promptly recalling any products produced at the Toronto plant, even if those products hadn't been linked to listeriosis in any way.

There is no doubt Maple Leaf Foods suffered a serious blow as a result of the outbreak and the resulting recall of hundreds of its products. Sales of the Maple Leaf brand declined by up to 35 percent following the recall, which wiped out 94 percent of the operating profits of the company's

meat division for its third quarter.

It is estimated the outbreak and recall cost the company between \$25-\$30 million, plus another \$15 million in lost sales. The company's stock took a beating, falling as low as \$6.54 in October from a high of \$15 in January, before rebounding to the \$10 range in December.

But McCain, who became CEO of Maple Leaf in 1998, said the steps the company has taken since the outbreak to become an industry leader in food safety are helping to win back consumer confidence.

According to data collected by the company, consumers' intent to purchase Maple Leaf brand products dipped as low as 64 percent immediately following the recall, but had rebounded to 91 percent by early December.

COAL from Page 6

Canadian mines reclaimed after development, says CAC

"We're looking at technologies that capture 80 to 90 percent of CO₂," says the Canadian Clean Power Coalition's Stobbs.

A couple of small-scale pilot projects are underway in the U.S., he adds, but widespread deployment is about a decade away.

In the U.S., clean coal has come under fire from critics who say it doesn't account for mining, which has its own set of environmental and social consequences.

One particularly controversial form of mining, mountain-top removal, occurs deep in the heart of Appalachia.

In some areas, residents have organized against mountain-top removal, saying effects include air pollution from contaminants such as ammonium nitrate and silica, as well as flooding and other damage to homes, private property and wildlife habitat.

Although mountain-top removal is not practised in Canada, Appalachia does export coal to Canada. Ontario Power Generation spokesman Ted Gruetzner confirmed the utility burns coal from Appalachia and from elsewhere in the U.S., but he would not specify exactly where that coal comes from, or how it is mined.

Recently, a group of reporters from the Society of Environmental Journalists' annual conference travelled to West Virginia to learn more about the mining controversy in that state.

Julia Bonds, who lives in rural West Virginia, says entire mountain tops are blasted with dynamite to access foot-thick seams deep underneath. Trees are often burned rather than harvested, excavated soil and rock is dumped in valleys, creeks and streams are polluted, and communities where coal is mined face increased health problems and don't see wealth from the resource trickling down, she says.

"The poorest communities in Appalachia are the ones that extract and process the coal," says Bonds, an environmental activist and executive

director of Coal River Mountain Watch. "Instead of independence from foreign oil, we need independence from fossil fuels."

Andrew Jordan, president and owner of Pritchard Mining in West Virginia, says he grew up in nearby Charleston, cares about the environment, and has worked hard to ensure his company rebuilds mountain areas to match their old contours and reforests with native oak, pine, sugar maple and white ash.

"We won an award from (U.S.) Department of the Interior for reclamation. When we're finished, it's in better shape environmentally than when we started," he says.

In Canada, CAC president Allen Wright says roughly 95 percent of the coal mined here comes from surface mines, and land is reclaimed.

"Teck Coal (formerly Fording and Elk Valley Coal) has been mining in southeastern British Columbia and reclaiming land for 40 years," Wright says, adding that similar efforts at the Gregg River coal mine in Alberta have benefited elk, grizzly bears and birds. "The wildlife population there is healthier now than it's ever been."

Still, Kevin Stewart, a campaigner with the Western Canada Wilderness Committee, expresses skepticism.

He has been working to keep the Dodds-Roundhill mine and gasification project from opening about 80 kilometres southeast of Edmonton, saying coal mining would require water to be pumped from a nearby lake, which would disrupt the area's watershed and adversely affect wetlands that are considered an important habitat for migrating birds.

"The landscape has been in place since the glaciers retreated 10,000 years ago," Stewart says, adding he cannot believe man-made land reclamation efforts can match what nature has achieved through evolution.

(Saul Chernos can be reached at chernos@businessedge.ca)



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20 Questions

Forestry veteran looks beyond sawmills

Lumber trader opts for prudent risk-taking over industry volatility

By Monte Stewart
Business Edge

Jake Kerr is not very worried about the price of lumber these days. While many sawmill operators fret about future prices, Kerr is enjoying life on the margins. He spent 35 years running a sawmill company, Lignum Ltd., but now serves as managing partner of Vancouver-based lumber-trading firm Lignum Forest Products LLP.

While the name is basically the same, the game has changed for Kerr, who served as Canada's chief negotiator on the original and since-tweaked – some might say twisted – softwood deal with the United States.

The three-year-old company makes money on the profit margins, so Kerr doesn't worry about spot prices. What are his chances of someone selling him another sawmill firm?

"Not even close," says Kerr, 64. "I have been offered participation, but it's a big corporate world out there as far as sawmills go. Mind you, there will always be a role for the small player, the small entrepreneur. But at my age, I don't need the agony."

The old Lignum merged with Riverside Forest Products, which was quickly acquired by Vancouver-based Tolko Industries, one of Canada's largest lumber firms.

"In retrospect, I'm delighted, because I'd hate to own a sawmill right now," says Kerr. "The economics ain't going my way."

1. Your father had a long career in the forest industry. What did your mother do?

"She was a concert pianist. She toured, particularly in Europe, and the United States, when I was growing up. She was quite a well-known pianist in the 1950s and then was the first dean of piano at the University of British Columbia in the music department in the '60s."

2. What lessons did you learn from your parents when you were growing up?

"From my mother particularly, hard work. When she wasn't on the road, she practised religiously, eight hours a day. She was a very hard-working person. So was my father, who was very entrepreneurial. We were a really unique family in Vancouver, the combination of a concert pianist for a mother and a father who was a European entrepreneur who managed to go broke in the 1940s. So I grew up with my mother basically bringing home the bacon and my father trying to restart (a business) in the forest industry. Nobody thought



Bayne Stanley, Business Edge

Lignum Forest Products LLP managing partner Jake Kerr has turned a short business move into a career.

the timber industry was worth anything. He went to Quesnel (B.C.) in 1950 and started up the first plywood mill operation up there. He really got it going in the mid-'50s. The lumber business is no different today than it was 50 years ago. It's always been very up and down. My mother was a really stabilizing influence of the two."

3. How did your dad go broke?

"He bought a sawmill in Whistler Mountain in the mid-1940s, when I was about two years old. He didn't know much about Whistler Mountain or British Columbia. He bought it in the summertime and everything was running fine. Nobody told him there was eight feet of snow there in the winter – so he didn't make it through the first winter. He lost his money and came home with his tail between his legs. But he was determined. My grandmother, with whom he didn't get along very well, thought he'd make a good bus driver. He wasn't very happy about it. . . . He never talked much about it, but I think going broke was a really low point for

him. I think he was very proud of the fact that he was able to turn it around in the '50s and '60s."

4. You apparently didn't aspire to a career in the lumber industry. What was your boyhood dream?

"I don't know that I had a boyhood dream, other than that I went to Berkeley and I really enjoyed going to school there. I went to the University of British Columbia and enjoyed that, too, but I really liked California and I got a good position in marketing. I would have been quite happy staying in San Francisco in the advertising business. I was quite unhappy having to come back here. My father was ill. He'd had some heart trouble in the late '60s, and I really came back here to help him sell the business. The business wasn't saleable. It wasn't in good financial shape when I got here, and then he died in 1972. I again tried to sell the business and couldn't find a buyer, so I was sort of stuck. I kept thinking: 'Well, I'm going to go back to San Francisco in six months.' I'm still here 30 years later, so it didn't

work out. But as time went by, I quite enjoyed it."

5. How did you develop your interest in baseball?

"When I was a real little kid, I had a neighbour who had a baseball mitt and a ball. I've been throwing a baseball since I was literally five years old. . . . I remember when the (Pacific Coast League) came in (to Vancouver), when I was 12 years old. It was a huge event. We had season tickets and I went to a lot of the games in the mid-'50s and I became an addict."

6. What steered you toward marketing and advertising?

"When I took my MBA, the thing that interested me the most was consumer and human behaviour. I found it fascinating to try and figure out why people bought things. I was just more interested in the creative side of the advertising, TV and print business than I was anything else."

7. What did you do at International Paper?

See 20 QUESTIONS

Page 10

Global woes delay Open Skies deal benefits

Canada, EU will have to wait to see major economic activity

By Laura Severs
Business Edge

Benefits flowing from a new aviation agreement between Canada and the European Union (EU) are expected to be temporarily grounded by a downturn in the global economy.

A new Open Skies agreement – liberalizing passenger travel and cargo transport – has been cited as a strong economic driver that would create jobs and bring about millions in consumer benefits.

But for now, there are no immediate announcements of new flights or economic activity being generated from the deal the two sides reached late last year.

A study by the European Commission (EC) shows the number of passengers flying between the EU and Canada would reach 14 million by 2011 – up from eight million in 2007 – and result in consumer benefits of at least \$110 million through lower fares for both Canada and the EU.

The EC, which is the executive branch of the EU, also says 3,700 jobs would be created in the first year of the deal, but does not say where these jobs would be located.

Airport and tourism industry officials are still hailing the deal as a positive, long overdue step, in part because more than half of Canada's overseas tourists arrive from Europe. The EU is also Canada's second-biggest trading partner after the U.S., with \$84.2 billion in imports and exports.

"It's an agreement we've been seeking with the EU for some time. It's not only good for Canadians, it's good for attracting visitors to our country," says Randy Williams, president and CEO of the Ottawa-based Tourism Industry Association of Canada.

"When we will see benefits is tough to assess, only because we're in an economic slowdown right now. If we were in a boom economy and not this downturn, we would say we would see almost immediate results."

The Council of Tourism Associations (COTA), representing British Columbia's major tourism organizations and businesses, says a long-term view is needed when looking at the new deal.

"We want our cake and to eat it, too, but sometimes you just can't have it at the same time," says Stephen Regan, COTA's president and CEO.

"We can negotiate good agreements now so that when markets do turn around – and consumer confidence rebounds and consumers look to travel and businesses are ready to expand their opportunities – that air capacity will be less of a constraint than it has been historically."

At Edmonton International Airport,



File photo by Ashoke Dasgupta, for Business Edge

Barry Rempel, chairman of the Canadian Airports Council, says the deal will put the 'power more directly into the hands of consumers.'

Quotable

"It's an agreement we've been seeking with the EU for some time. It's not only good for Canadians, it's good for attracting visitors to our country. When we will see benefits is tough to assess, only because we're in an economic slowdown right now. If we were in a boom economy and not this downturn, we would say we would see almost immediate results."

– Randy Williams,

president and CEO, Tourism Industry Association of Canada

which boasts strong growth in airline passenger traffic, officials believe the deal will be beneficial to all Canadian airports.

"It's something we'll see slowly and gradually over time," says Peter McCart, vice-president of marketing and business development for Edmonton Airports.

"Canada still is a small market on a global scale; that said, we do have much interest. It's not going to be something where we have a rush of carriers to Canada. But the change in the restrictions will bring more players more access to Europe and to Canada than we've ever had before."

The Open Skies deal with the EU removes a number of restrictions on air travel between Canada and Europe, which was tightly regulated under the earlier bilateral agreements. Now, direct air service between Canada and EU member states no longer faces restriction on the number of flights, routes or on pricing.

In addition, prior to reaching this new deal, Canada did not have agree-

ments with eight of the 27 EU member states. That changes as Cyprus, Estonia, Latvia, Lithuania, Luxembourg, Malta, Slovakia and Slovenia are now included.

"It means opportunity in a number of ways for local communities that were precluded from previous bilateral agreements," says Barry Rempel, chairman of the Ottawa-based Canadian Airports Council, whose 48 members represent more than 180 airports.

Rempel says the market can now determine what communities should be served on a non-stop basis.

"It also puts the power more directly into the hands of the consumer," he adds. "And practically, it means carriers will be able to start planning for summer schedule changes."

Airline analysts, though, hold a more pessimistic view about the deal.

"It will have very little impact in the short run," says Joseph D'Cruz, a professor of strategic management at the Rotman School of Management at the University of Toronto.

"Essentially, the whole transatlantic business is facing the same economic difficulties all the countries are facing: Travel is down and business travel is down as well. In that kind of situation, it's highly unlikely we'll see new entries into this market triggered by the Open Skies agreement."

Unless there are new entries, there is not going to be any impact on prices, D'Cruz adds.

"There will be some developments, (but) I think they will be relatively small after the recession is over, particularly because the transatlantic routes are well served. I don't see a lot more business opportunities for the airlines than what currently exists. It's a deal of minimal importance in my opinion."

Jacques Kavafian, an airlines and aerospace analyst with Toronto-based Research Capital, agrees the new deal has little significance.

"Canada and many European countries already had very liberal bilateral air travel agreements," he says. "Any point in Europe that already had a market has already been served. Although it's good (the deal), we don't think it will frankly increase service."

Kavafian believes the agreement's second phase, one that will allow European investors to take up to 49 percent ownership in Canadian carriers, is likely to take place in the near term. The federal government has previously indicated that it plans on increasing foreign ownership in Canadian airlines from the current 25 percent to 49 percent.

"It should have happened a long time ago," he says. "We think it has no downside and only upside because it increases the availability of funds to airlines wanting to raise money."

But Kavafian says the deal's third and fourth phases are not going to make it off the tarmac. These include allowing investors to set up new airlines in the other party's markets and entering into cabotage – flying point-to-point in the other country to transport passengers or goods.

Rempel says he's encouraged by the federal government's apparent willingness to increase foreign ownership to 49 percent.

"Overall, in terms of an agreement with the EU, it puts us in the front of the pack . . . but we're nowhere near having the amount of open-skies agreements as the EU and the U.S. have," says Rempel.

The Open Skies deal also includes the right to carry cargo between two foreign countries. A flight can begin in its home country, go to an intermediate country to pick up cargo, and then fly to a third country.

(Laura Severs can be reached at laura@businessedge.ca)

20 QUESTIONS from Page 8

Chance encounter led to crucial partnership

"International Paper was my first job out of university. I did market research. We produced a lot of packaged goods at the time. We did testing on different designs, so it was kind of connected to advertising and packaging and all that."

8. What was it like when you came back to Canada and took over your dad's business?

"Sheer terror. I didn't have any idea what I was doing – and I wanted to get out. Luckily, my dad had a very good chief financial officer, a Czechoslovakian guy who had been with him for years, and he was very much a mentor for me. I knew nothing about the sawmill industry and, really, I didn't want to (know). In the mid-'70s, I went to something called the Sawmill Clinic in Portland, Ore., and was lectured to by a guy named John Ailport, an expert in sawmills. I happened to be seated next to him by sheer chance at lunch. He seemed like a very nice guy. He happened to be going through a divorce and he lived in Spokane, Wash. The long and short of it is, I talked him into moving to Williams Lake (B.C.), because he wanted to start again. He ran our operations there for close to 20 years, and he really was a great partner. Between Sydney, my old financial guy, and Ailport, who knew how to run a sawmill, I knew a little bit about marketing and was able to talk to the bank, and after some years of false starts and stops, we got lucky. We had a bunch of sawmills when I first started in the business. We sold off everything else – except Williams Lake. We had probably half a dozen (B.C.-based) sawmills, most of them in the southern Interior, down toward Kamloops and Salmon Arm. We sold them . . . We ended up in a unique situation throughout my career in that we had one really good mill. Any number of times, we could have bought something else – and I never had the nerve to do it."

9. How did the deal with Riverside come about?

"I had been in the business for 30 years by then and my brother was my partner. That was the way my dad left (the company). He had retired 10 years earlier and was doing other things. I have to thank him, because he kept saying: 'Look, it's time to get out' – and I didn't want to get out. I was having fun at the time. He finally came to me. He was very nice about it, but he said: 'Either you buy me out, or I'm going to sell (this half) to somebody else.' So I thought maybe I would think about selling. I was on a flight home late one night from the softwood lumber negotiations, and I was flying with Gordon Steele (the chairman, president and CEO of Riverside Forest Products). I mentioned something about my brother riding

me about selling. He asked, 'What do you want (money-wise)?' I threw it back and forth with my brother . . . We picked a number that we thought was way up there. I went and told Steele, and he said: 'Good. It's a deal. There's only one hook – I don't have the money. You're going to have to come with me to Wall Street and we're going to have to raise the money to pay you.' So, that's what we did . . . he made me agree to leave 10 percent of my shares in and remain as vice-chairman, because I was running the marketing side. Then, within six months, Al Thorlakson from Tolko came in. They did an unfriendly takeover – and we were out. But it worked out well financially."

10. Why was it unfriendly?

"Because Thorlakson had owned (18.6) percent of Riverside for years. He had never bought any other shares. When we came . . . he decided maybe he'd like to own the whole (thing). Instead of coming and making a deal with Steele, he just started buying stock again. Steele didn't want to sell, but I was ambivalent. As far as I was concerned, it was fine. Still, Steele didn't like it very much."

11. How did you end up getting the Lignum name back?

See RIGHTS

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Jake Kerr

- **Title:** Managing partner, Lignum Forest Products.

- **Born/raised/age:** Vancouver/64.

- **Education:** Kerr studied at UBC before obtaining an MBA in economics and finance from the University of California-Berkeley. He also holds an honorary doctorate from Simon Fraser University.

- **Family:** Kerr is married and has five children and four grandchildren.

- **Career:** After graduating from university, Kerr worked for the International Paper Co. in New York and with Botsford Advertising in San Francisco. He then returned to Vancouver and took the helm of his father Leslie Kerr's forestry company, Lignum Ltd.

He ran Lignum until March 2004, when it merged with Riverside Forest Products Ltd. Kerr remained vice-chairman with the newly combined company, but a short time later it was acquired in a hostile \$340-million takeover by Tolko Industries Ltd. He left and was soon approached to invest in, and head up, a new lumber-trading company. The firm reacquired the Lignum name from Tolko and became Lignum Forest Products LLP. In addition to running Lignum Forest Products, Kerr also serves as president and CEO of Lignum Investments, which invests largely in real estate. He is also co-owner, holding the majority stake, of the Vancouver Canadians minor-league baseball team.

- **Moonlighting:** Serves as a director with the Bank of Nova Scotia, the Vancouver Foundation, past chairman of Council Of Forest Industries and past chairman of the B.C. Softwood Lumber Trade Council. In 1996, he served as Canada's chief negotiator on the softwood lumber agreement with the U.S. He is also the new chancellor of Emily Carr University in Vancouver.

- **Awards:** Kerr is a member of the Order of Canada and Order of British Columbia.

- **Passions:** Baseball, grandchildren, fly fishing, tennis, golf.



Jake Kerr

Advertisement

Growing your business in a challenging climate – Part II

By Rob Driscoll
Business Edge Publisher

The response to our "Growing Against the Grain" program, in which we work closely with owners/decision makers to help grow their businesses, has been nothing short of inspiring.

It seems there is no shortage of local entrepreneurs who look at this challenging economic climate as a good opportunity to earn market share. Several companies have signed up for Growing Against the Grain (GATG) while others have asked for more details on how the program works.

To help you better understand, I will take you through the process using the experience of one of our early GATG participants, Eileen Ashmore of E.M. Ashmore & Associates.

When Eileen first contacted me, we had a good chat about her business and her objectives for 2009. She felt that, more than ever, business owners could benefit from her expertise in strategy, planning and coaching, and that it was time to get more aggressive in her marketing to assist clients in moving forward in 2009.

Eileen appreciated the fact that Business Edge News Magazine is delivered to an unrivalled 63,000+ local businesses and wanted to have a regular presence in the publication, but noted that she didn't have a large

advertising budget. So we came up with a campaign in which she would have a small ad (business-card sized) in all 26 issues throughout 2009, which would cost less than \$1,000 per month.

Then Eileen showed us an ad concept she had been working with. My colleague Allie Montgomery (winner of the prestigious White Hat award for excellence in customer service) and I reviewed the message and offered suggested revisions. Eileen liked the changes, added another of her own, and then we had our wonderful designer Carrie Poyser lay out the ad in two different styles.

We also contracted national-award-winning photographer Larry MacDougal to do a photo shoot with Eileen at no extra cost to her. As you can see on Page 2 her bright smile certainly adds to the message and makes it easier for prospective customers to get a feel for the person behind the business.

The net result is a well-designed advertising campaign that we are confident will increase brand awareness and generate substantial business.

For more information on the Growing Against the Grain program, contact me any time at 866.216.3343 ext 25 or rob@businessedge.ca.

be
Business Edge

RIGHTS from Page 10

Softwood lumber deal on solid ground: Kerr

"Riverside absorbed the company and they owned the rights to the Lignum name. Some of my old lumber-distribution guys came back and wanted me to go back into a partnership with them. I was OK with doing that and quite happy to finance them, but we always thought it would be nice to be Lignum. But we couldn't, because we didn't own the Lignum name. To give Al Thorlakson his due, he was very classy about it. He said: 'Look, you guys invented that name. Your father did.' Thorlakson's father and my father knew each other from way back. He didn't try to charge us anything for it."

12. What is your take on the state of the industry?

"I think it's in terrible shape. It's a sad situation. We (had in parts of 2008) the lowest lumber prices since, I think, 1984, in real dollars. There is no end in sight as far as the housing industry in the U.S. goes. The only good news I can think of is that in my experience over 40 years, when things are the bleakest... chances are it may be about to turn around pretty soon."

13. Your company's \$100 million in revenue still seems pretty good, doesn't it?

"Yeah. You have to understand that we're not making any lumber anymore. All we're doing is acting as the middleman - the trader - so we're not at risk. That lumber price is bad news for the sawmill. It's not particularly bad news for us. We trade on the margins."

14. Where are you selling to mostly?

"Same markets as always, but much smaller volumes. Arizona. California's sunbelt. All over the place, really. We sell Canadian. We sell Midwest. Not a hell of a lot (internationally). That's usually currency-dependent. Would we go to Japan? No, we wouldn't."

15. What is your take now on the softwood lumber deal?

"It will never go away. There is a deal in place. It will hold together for a while. The U.S. has already appealed a couple of technical issues. They're being arbitrated. But Canada and the U.S. have been fighting over lumber for 125 years and they'll continue to do that. As long as U.S. trade laws are like they are, it's in the interest of the U.S. manufacturers to restrain Canadian lumber, because it improves their economics. Some days, it's better than others. Today, it's fairly calm. There's a deal in place. Something is going to happen to blow that up some day."

16. What were some memorable times when you were negotiating the deal?

"I think, probably, the best of times was 1996, when we actually did the original lumber-quota deal which was, I thought, a very good deal for Canada. I was the chief negotiator on that. The worst of times was around

Lignum Forest Products

- **Brass:** Jake Kerr, managing partner; Craig Stuart, lumber trader; Ian Leask, lumber trader.
- **Profile:** Lignum markets and distributes machine stress-rated products as well as other lumber products for the residential and industrial structural building-component sectors. The firm serves the United States, Canadian and export markets. Lignum derives its name from Lignum Ltd., also headed by Kerr, which operated sawmills and 32 building-material distribution centres across North America.
- **Stats:** Kerr says Lignum, which has about 20 employees, generated revenues of \$100 million last year.
- **Corporate Structure:** Private limited partnership.
- **Website:** www.lignum.com
- **HQ:** 1330-999 W. Hastings St., Vancouver, B.C. V6C 2W2
- **Phone:** (604) 484-5000

2000, when the governments decided to cancel the deal and the U.S. really piled (more penalties) on. We had a number of bad years after that."

17. What kind of personality do you have to have to be a mill operator and a trader?

"They're completely different things. The mill operator needs to be patient and have a long-term view and, hopefully, have enough capital to survive the ups and downs of the business, because it's a very cyclical business. The lumber trader, on the other hand, is not an acquired skillset. You either have the stump for it or you don't. It's a matter of being a prudent risk-taker and knowing when to hold

'em and when to fold 'em. Most sawmill operators are not good traders, and vice-versa. I was, essentially, a sawmill operator and a guy who ran the business end of the trading. I would no more be a floor trader than fly. I don't have the nuts for it at all. I watch what these guys do and I observe the risks they take. Hopefully, we've put enough constraints in the model to make sure they don't blow their brains out. It's a young man's game. There are not a lot of old lumber traders around."

18. As the owner of the Vancouver Canadians baseball team, what skills can you apply to the lumber business?

"The biggest thing I learned is, just because you know how to run a big company doesn't mean you know how to run a small company. The skillsets required to be the owner of the Canadians are very unique. You need to be very hands-on, detail-oriented and know how to work with a small group of people and know how to keep the costs down. It's a very hands-on model, whereas running a big lumber company, you've got a lot of staff - a lot of people to do stuff for you."

19. What's the hardest part of your job?

"I don't have a hard part of my job. One of the nicest parts about where I am in my life is, I do four things and I like them all. I like the (Lignum) investments just because I enjoy that. I've been in forest products all my life and I enjoy the guys. Baseball I like a lot, because I'm a baseball guy. And, I enjoy working with the Vancouver Foundation and I think I will enjoy Emily Carr (University) because I feel like I'm giving something back to the community."

20. If you weren't overseeing Lignum or the Canadians anymore, what would you be doing?

"Hopefully, playing more tennis. That's the only thing I kick myself around about. But I'm liking what I do. I know this: I don't have the mindset to be retired."

(Monte Stewart can be reached at monte@businessedge.ca)

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Forestry group looks for hand up, not bailout

Greater economic stimulus, not subsidies, sought to restore industry

By Monte Stewart
Business Edge

Canada's troubled forest sector is seeking \$600 million in economic stimulus from Ottawa and the provinces as industry analysts predict another dire performance and thousands more job losses this year and next.

The Ottawa-based Forest Products Association of Canada (FPAC), which represents forest companies across the country, is calling for increased corporate credit, relaxed employment-insurance rules so that displaced forest workers can launch new careers, and more mergers in the lumber and paper sector.

Avrim Lazar, president and CEO of FPAC, listed credit as his group's top concern. "If there's no credit, sound businesses go under," he says.

During a recent news conference in Ottawa, Lazar issued an urgent call for action in the Jan. 27 federal budget.

FPAC has proposed a five-point plan that includes refundable research and development credits; investment in market promotion; help with bio-energy development; and new employment insurance rules that allow for greater work-sharing until conditions improve.

The Conference Board of Canada is predicting the forest industry's job total will fall to 81,500 by 2011 from 87,500 in 2007. Production is expected to fall again from the 6.6-percent decline last year.

PricewaterhouseCoopers (PwC) reported in December that forest-sector losses totalled \$552 million in the third quarter of 2008.

"We have 300,000 jobs across the country and (if) you ask any of those employees what they want, they want to keep their jobs," says Lazar.

"We have 300 communities that depend upon their mills and you ask what they want, they want to keep their mills. And you ask them: 'How do you keep the jobs in the mills?' And the answer is: Competitive businesses.

"That's mostly industry's job. Government can't make the price of lumber go up or the price of newsprint go up, but it can create world-class business conditions."

Meanwhile, the Ottawa-based Conference Board is predicting Canada's pulp and paper industry will struggle through another tough year of losses and plant closures this year.

The think-tank also estimated the sector will record its fourth consecutive negative year in 2008, with anticipated losses of \$435 million.

With demand unlikely to pick up soon, 2009 will only be moderately better, with losses totalling \$329 million, the report forecasts.

"The entire Canadian paper prod-



File photo by Jack Dagley, Business Edge

Alberta Forest Products Association spokesman Parker Hogan says B.C., Quebec and Ontario are in worse shape than Alberta.

ucts industry is struggling as a result of stagnating North American demand and, more recently, because of the global economic slowdown," says Conference Board economist Valerie Poulin.

Montreal-based newsprint giant AbitibiBowater Inc. shut down a century-old mill in central Newfoundland in recent weeks, with the loss of 800 jobs, and cut capacity sharply to deal with a slump in North American demand.

The Newfoundland and Labrador government promptly announced proposed legislation that would expropriate all AbitibiBowater assets in the province, except the doomed mill in the central Newfoundland town of Grand Falls-Windsor.

Other companies, from diversified wood and paper producers Domtar and Tembec, both of Montreal, to Vancouver-based lumber giant Canfor Corp., have also cut production and jobs to cope with reduced demand. Canfor has also reduced executive and worker salaries and pledged to restore them when times improve.

"The rollback has an advisory: Once we get back to profitable footing, they'll get it back when we have the ability to pay," says Canfor president and CEO Jim Shepard. "It's some time out there in the future."

In Alberta, an average of almost one mill per month has shut down perma-

nently or indefinitely since mid-2006.

Parker Hogan, a spokesman for the Edmonton-based Alberta Forest Products Association (AFPA), says 15 mills have closed in the past 16 months. The closures cover five sawmills, four panel-board mills and six secondary mills. As a result, 3,400 jobs have been lost. Hogan says oriented-strand board production has declined 60 percent within the past two years. The value of Alberta's lumber output has nosedived 51 percent to an estimated \$2.2 billion in 2008 from \$4.3 billion in 2006.

"We've never seen this level (of downturn) before," says Hogan. But, he adds, Alberta's problems pale in comparison to those of B.C., Ontario and Quebec because producers in the Wild Rose province invested in the sector during previous downturns.

Lazar told the FPAC news conference that the federal and provincial governments need to eliminate policies that have prevented consolidation in the sector and put a "chill" on mergers. But, "we're not calling for more mergers," Lazar says in an interview. "We're calling for less restraints to mergers. We don't think big is necessarily better, but we think government deciding the structure is almost inevitably a mistake."

Forest firms stress that they do not want subsidies, which would result in severe financial penalties under the

controversial Canada-U.S. softwood lumber agreement.

"It definitely puts a fence around the sort of things we can ask for," says Lazar.

Federal subsidies similar to those sought by the auto sector would trigger extra export duties that forest companies can not afford. According to the deal signed in 2006, the U.S. is entitled to export taxes if Ottawa or the provinces underwrite company expenses.

Other forestry groups also stress they do not want subsidies. The AFPA's Hogan says his group is very cognizant that any federal and provincial support for the industry "must be viewed with that good ol' softwood-lumber-agreement filter on it."

Rick Jeffery, president and CEO of the Vancouver-based Coast Forest Products Association, which represents companies along the B.C. coastline, issued a news release saying that a government bailout would be "entirely unhelpful."

The decline in the U.S. housing market, along with the continuing credit crunch, asset-backed commercial paper crisis and worsening recession have all been blamed for the Canadian forest sector's woes.

"It's probably going to be a very challenging year in 2009 for most forest products companies," says Patricia Mohr, vice-president of economics for Toronto-based Scotiabank.

Canada's building products industry is geared mostly to selling south of the border, but with U.S. housing starts way down, most lumber and oriented-strand board producers are selling their products at or below cash cost value.

Typically, builders stock up their wood inventory early in the New Year for the upcoming building season, but that trend could change or be adjusted this year.

Mohr says new-home construction "is really at the epicentre, of course, of the difficulties in the U.S. economy now."

"It's quite true that the industry could do with a hand - that's for sure - because probably about 85 percent of Canadian sales of building materials would flow into the U.S. market, and housing activity is going to be very low in 2009," says Mohr, a commodities-price specialist.

While some analysts are optimistic that the falling Canadian dollar will help ease some of the financial pressures, the AFPA's Hogan expects the lower loonie will lead to only modest gains for the forestry industry.

"It's been helpful, but it certainly hasn't saved the day," he says.

- with files from The Canadian Press
(Monte Stewart can be reached at monte@businessedge.ca)

Auto-industry players keep a stiff upper lip

The Canadian Press

The North American auto industry was hanging on by its fingernails as the smash-up derby that was 2008 crashed to a close.

But industry players are turning to the New Year with as much optimism as they can muster, convinced the industry will not only survive but will emerge rejuvenated and ready to innovate.

Sam Gindin, former economist for the Canadian Auto Workers union and currently a political scientist at York University in Toronto, said there's plenty of opportunity waiting to be seized, but first the industry has to shed its defeatist attitude.

"Part of the problem is that people have been defeated for a long time, expectations have been lowered about what's possible, and that's why it's so important to get out of that frame of mind," Gindin said. "If we think small, we're going to end up losing everything."

It's difficult to be anything but defeatist when reviewing the auto industry's fortunes in 2008.

Between 12,000 and 13,000 fewer Canadians work in the industry today than at the end of 2007, according to Scotiabank economist Carlos Gomes. That's a decline of almost 10 percent.

The industry was suffering long before the economic slowdown from a combination of a high Canadian dollar, which hurt exports, and a slump in U.S. demand for North American-produced vehicles.

When the financial crisis hit in the fall, economic worries sent demand plummeting even further, the automakers suddenly finding it was nearly impossible to squeeze cash out of tight credit markets, pushing GM and especially Chrysler to the verge of bankruptcy.

The two automakers pleaded with governments in both the U.S. and

Quotable

"If we think small, we're going to end up losing everything."

— Sam Gindin,

former economist for the Canadian Auto Workers union and a political scientist at York University in Toronto

Canada to provide them with emergency loans. Without the funding, they warned they might not survive the year.

Both governments eventually complied. The Bush administration provided US\$17.4 billion to the beleaguered automakers Dec. 19, and the federal and Ontario governments followed suit Dec. 20, providing a proportional C\$4 billion to GM and Chrysler's Canadian subsidiaries.

Ford, the third member of the Detroit Three, is doing slightly better and hasn't asked for a loan, just a line of credit to draw upon if required.

Joe D'Cruz, a professor at the University of Toronto's Rotman School of Management, said that even with the loans, the industry is going to continue to shrink dramatically.

"Even in the best-case scenario there will be many further job losses," he said.

Analysts have predicted that, even with the aid package, the Canadian industry will lose as many as 20,000 more jobs as GM and Chrysler work to restructure and streamline their operations.

But Gindin said it's time to stop worrying so much about the automakers and focus instead on what can be done with mothballed plants and, more importantly, the communities they once helped to build.

"I think the way to think about it is to go beyond auto, to say: 'Look, if we

want to strengthen our manufacturing base, we can't just lose these productive capacities, these tool and die plants,'" Gindin said. "We have to have some kind of general plan in the economy about where we're going."

CAW president Ken Lewenza said his union is doing exactly that.

"Right now we're thinking about surviving, but long-term we're thinking about positioning ourselves so that when there's a global financial crisis, the stormclouds won't be as heavy next time," Lewenza said.

He said the union will be more aggressive going forward to attract the best and newest technology, an area in which he said Canadian plants currently lag.

"We want to meet whatever the benchmark is in terms of technology. We want in," he said.

But "the union can't do it in isolation," he added.

Lewenza called on the federal government to "let the stakeholders set policy" and give more clout to the Canadian Automotive Partnership Council — an industry organization comprised of automakers, parts suppliers, industry associations, the CAW and the Ontario and federal ministers of industry.

Lewenza acknowledged that the "first six months of next year are going to be incredibly tough," but said he's optimistic the industry will

emerge from the wreckage smaller but stronger.

"There seems to be a great deal of optimism beyond this four- or five-month window of survival, and we have to think that way," Lewenza said. "Running around with your head down to your knees doesn't do any good."

Bill Pochiluk, president of industry adviser AutomotiveCompass LLC, said there are plenty of opportunities for innovation as the entire industry restructures, and Canada is well positioned to take advantage of these.

"The underlying trend can quickly be summarized as green transformation," Pochiluk said.

"The single best thing you can do to improve fuel economy is mass reduction, you cut the weight," and Canada's aluminum industry is perfectly placed to fill the demand for lighter-weight metals, he added.

New technology is also leading to the replacement of expensive precious metals like platinum and palladium with cheaper metals such as nickel used in catalytic converters.

"There are places in Canada, Sudbury being one of them, that are sitting on a mountain of nickel," Pochiluk said. "This new technology would be a great opportunity for Canada to use some of its natural resources."

Gindin said it is exactly this type of opportunity that Canada needs to take advantage of to revitalize its economy and revive the manufacturing sector. He said it's not necessarily easy to retool old plants so they can manufacture new items, but it has been done before.

"In 1942 the auto industry stopped production because of the war and we ended up with more jobs because people were making military things at that point in time," he said.

"If we consider this as serious and as urgent as we did the war... why can't we get creative?"

Trainwrecks, naked swims highlight 2008 business year

The Canadian Press

Memorable comments from and about the world of business during 2008:

"You may not be on the train, but if you're standing in the station watching this train go by and it has a train wreck, you can still get hurt." — TD Bank CEO **Ed Clark**, in a January outlook.

"As I've said in the past, it's only when the tide goes out that you find who has been swimming naked. Well, the tide has gone out and it has not been a pretty sight." — Billionaire investor **Warren Buffet**, in February as the credit crunch bit increasingly hard.

"One thing is for certain: We're in challenging times. But another thing is for certain: We've taken strong, decisive action." — U.S. President **George W. Bush** in March.

"As long as you earn money and it isn't too obvious, and it's convenient, nobody says anything... It makes you want to continue; there's a snowball effect." — **Jerome Kerviel**, blamed for massive trading losses at French bank Société Générale.

"I don't know how it makes more sense to ship oil across the world from the Middle East than to use a friendly, stable continental supplier like Alberta, but that's the

environment we're operating in now." — Premier **Ed Stelmach** attacks environmentalist critics of the oil sands.

"I can assure you that we look in the mirror and ask ourselves some very tough questions." — General Electric CEO **Jeff Immelt** in April as GE stock slumped to US\$32 a share, down from \$37 at the start of the year. It ended 2008 at barely \$15.

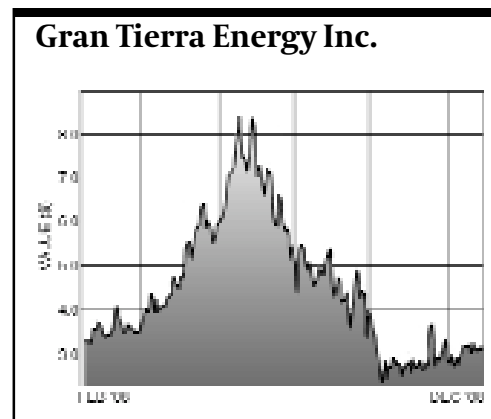
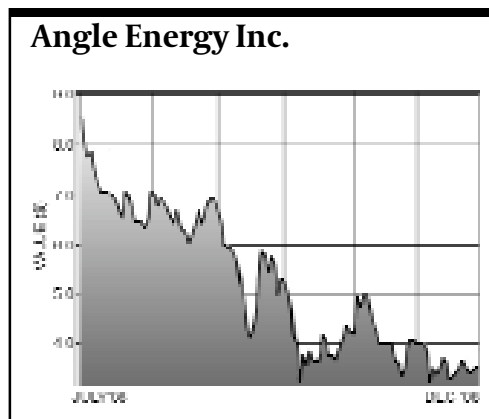
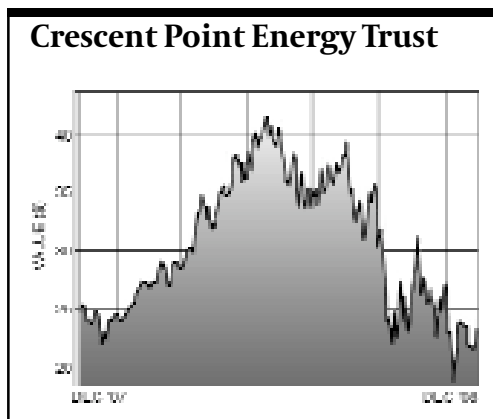
"I want to challenge our Canadian government to get up off their asses and start to give some attention to our declining auto industry, give attention to our declining manufacturing centre throughout this country." — **Chris Buckley**, Canadian Auto Work-

ers local president at GM in Oshawa.

"It's a warning against the idea that we understand the world, that we know how everything works." — **Vaclav Havel**, former president of Czechoslovakia, on the economic crisis in October.

"Yes, I am surprised at this. I'm also further surprised, more importantly, by deflationary pressure that we're seeing around the world. This is a worrying development, one of the reasons why it may well be necessary to take unprecedented fiscal stimulus." — Prime Minister **Stephen Harper** acknowledges in late November that Canada may fall into a "technical recession."

Financial Edge



Stevenson doesn't see energy Armageddon

Fund management specialist more bullish on oil than gas in 2009

(Business Edge writer Fern Brooks regularly profiles the top stock picks of some of Canada's most accomplished investment pros.)

By Fern Brooks
Business Edge

FEATURED PRO: Jennifer Stevenson is an oil and gas industry specialist who has been involved in the energy sector since the late 1980s. She is the executive vice-president and a director of **Qwest Investment Fund Management Ltd.**, a subsidiary of **Qwest Investment Management Corp. (QIM)** that provides investment counsel and portfolio management services.

She is also managing director, portfolio management and a director of QIM (www.qwestfunds.com).

Her take on the energy sector at this point: "We're more bullish on oil going forward into '09 than we are on gas. With the (most recent) OPEC cuts – they're doing another 2.2 million BPD – that will bring their total up to 4.2. Of the original two million they said they'd cut, we're seeing some really good adherence. So that gives you some comfort that the supply is, in fact, being curtailed, which is beneficial for pricing. We are not in the camp that thinks Armageddon is coming. We still think there will be demand for oil, and that the supply can be constrained both through OPEC and the fact that there are projects being delayed and deferred in this current pricing environment. Close to home, pretty much every oilsands upgrader that wasn't already underway has been stopped.



Jennifer Stevenson

Pro's 3 Stars

"On the gas side, we are concerned about supply in U.S. continuing to grow in the face of demand that is weak. . . . Looking at '09, we haven't seen yet enough of a slowdown in horizontal drilling for shale gas in the U.S. to put a big enough dent in supply growth. That's a bit of a concern. That will be somewhat alleviated if we get big drawdowns from storage this winter, but that won't entirely alleviate the concern. The final factor on the gas outlook is the risk that we see more liquefied natural gas arrive in the U.S. later in 2009, regardless of whether we are price-competitive with the rest of the world or not. There are a lot of moving parts, and a few of them could be pretty negative."

FIRST STAR

- **Crescent Point Energy Trust** (TSX:CPG.UN)
- **Recent Price:** \$23.25
- **52-Week High/Low:** \$41.67/\$18.13 (6-18-08/12-5-08)
- **Snapshot:** Crescent Point is a conventional oil and gas income trust with assets strategically focused in Western Canada.
- **President and CEO:** Scott Saxberg
- **Head Office:** Calgary
- **Vital Stats:** Price/Earnings Ratio (trailing 12 months), n/a; Revenue (fiscal year 2007), \$652 million; Earnings Per Share (ttm), n/a; Market Cap, \$2.9 billion.
- **Stevenson's View:** "It's focused on Saskatchewan. In this (economic)

environment, I like the fact that it's a trust because your unit value can certainly fluctuate, but you're getting paid to sit on the stock (23 cents per unit per month). Saskatchewan is a far better jurisdiction for royalties than Alberta in '09. They're big – their average '08 production was 36,750 BOEs a day. They are very dominant in the Bakken play – a very pervasive geologic reservoir. It's much lower risk to drill and it's had really consistent results. They also have about half of their 2009 production hedged between \$77 and \$110 crude. That helps you have some comfort that your distributions are solid. They did a \$100-million financing at \$22 a unit (in mid-December) and it was exuberantly received by the market. That's a really good sign."

- **Risk Rating:** Low-medium
- **Web Watch:**

www.crescentpointenergy.com

SECOND STAR

- **Angle Energy Inc.** (TSX:NGL)
- **Recent Price:** \$3.55
- **52-Week High/Low:** \$8.70/\$3 (7-2-08/10-8-08)
- **Snapshot:** Angle Energy is a public oil and gas exploration and development company incorporated in 2004.
- **President and CEO:** Gregg Fischbuch
- **Head Office:** Calgary
- **Vital Stats:** Price/Earnings Ratio (trailing 12 months), 11.8; Revenue (2007 fiscal year), \$56 million; Earnings Per Share (ttm), \$0.30; Market Cap, \$133 million.
- **Stevenson's View:** "The company has been around for about five years. It just went public in 2008. It's sizable – their production (in 2009) looks like it will be 7,500 BOEs a day, about

a 19-percent increase over 2008's production. That's spending less money than they spent in 2008. That is also within their cashflow. They have next to no debt. You have a company that has a \$70-million line of credit at the bank and they're currently using less than \$10 million. They've got lots of flexibility to do whatever they want. If they want to spend on drilling, OK, but if they see something really compelling to buy, they can just write a cheque. Their operating costs are really low and their royalties are attractive for them because they have lots of freehold land, which means the government doesn't own the mineral rights, individuals or companies do."

- **Risk Rating:** Medium
- **Web Watch:** www.angleenergy.com

THIRD STAR

- **Gran Tierra Energy Inc.** (TSX, NYSE:GTE)
- **Recent Price:** \$3.16
- **52-Week High/Low:** \$8.90/\$2.04 (6-19-08)/10-10-08)
- **Snapshot:** Gran Tierra is an international oil and gas exploration and production company operating in South America.
- **President and CEO:** Dana Coffield
- **Head Office:** Calgary
- **Vital Stats:** Price/Earnings Ratio (trailing 12 months), 9.8; Revenue (2007 fiscal year), \$32.2 million; Earnings Per Share (ttm), \$0.32; Market Cap, \$366 million.
- **Stevenson's View:** "Its operations are in Colombia, Peru and Argentina. I would say Colombia has a far more attractive fiscal regime for oil and gas exploration and development than Alberta does."

See 3 STARS

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WestJet humming a happy post-holiday tune

(Street Life is a regular feature that profiles what's playing in the stock market.)

By Nicole Strandlund
Business Edge

ACT I: HIGH IN THE SKY

- **The Player:** WestJet Airlines (TSX:WJA)
- **Action:** Up 41 percent in a month (from \$9.20 Nov. 28)
- **Recent Price:** \$12.95
- **52-Week High/Low:** \$22.69/\$8.34

Air Canada may have prompted more than 200 complaint calls to a consumer watchdog operation over the holidays, but WestJet is humming a happy tune.

The Calgary-based airline famous for its joke-telling, smiling service agents earned customers and praise during the Christmas season for accommodating weather-stranded Air Canada passengers. WestJet is also introducing a new rewards program in 2009, and we know how much consumers love a reward.

As well, the airline is expanding its schedule and adding new direct routes, including Calgary to San Diego, Vancouver to Saskatoon, London, Ont., to Halifax, and Edmonton to Yellowknife.

So with expanded service, consumer rewards, happy customers and a rising stock price, it's no wonder WestJet employees are smiling; they're owners too.

ACT II: PIPE DREAM

- **The Player:** TransCanada Corp. (TSX:TRP)
- **Action:** Up two percent in a month (from \$32.70 Nov. 28)
- **Recent Price:** \$33.43
- **52-Week High/Low:** \$40.97/\$29.42

Sometimes it's good to have teammates, but shareholders in Canada's largest gas shipper didn't seem to mind when partners in a large-scale project backed out.

Calgary-based TransCanada Corp. had proposed constructing a 1,077-km pipeline from Colorado to North Dakota, where it would link with a major gas transmission and processing system.

This project would help remedy the pipeline capacity shortage in the Rockies, and possibly bolster drilling in the area.

But this past week, Houston-based Enterprise Products Partners LP and Quicksilver Gas Services LP from Fort Worth, Tex., pulled out of the deal. Together, the two companies would have had a 50-percent stake in the project.

TransCanada shares rose \$0.99 on the news (from \$32.44 Dec. 29), while shares of Enterprise GP Holdings LP, Enterprise Products' parent company (NYSE:EPE), fell 31 cents to US\$17.27, and Quicksilver shares (NYSE:KGS) fell 19 cents to US\$9.40.

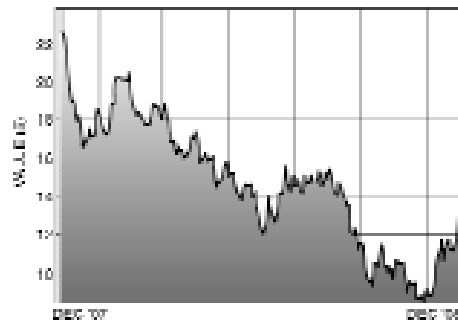
ACT III: SILVER BULLET

- **The Player:** Silvercorp Metals (TSX:SVM)
- **Action:** Up 48 percent in a month (from \$2 Nov. 28)
- **Recent Price:** \$2.95
- **52-Week High/Low:** \$10.65/\$1.19

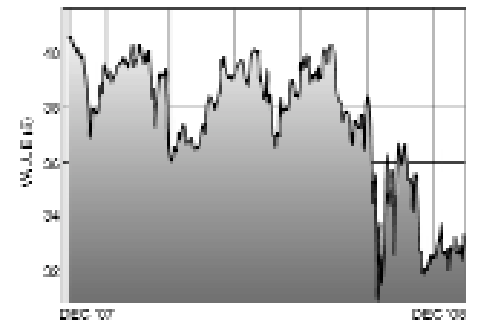
In chaos theory, "the butterfly effect" suggests a butterfly flapping its wings in Japan may eventually lead to a hurricane in the Caribbean. In our intertwined world economy, what starts as a hiccup in one country can snowball into a worldwide gastric pain.

Silvercorp Metals, based in Vancouver, is China's largest silver producer. But thanks to some butterfly somewhere, silver, lead and zinc prices have fallen

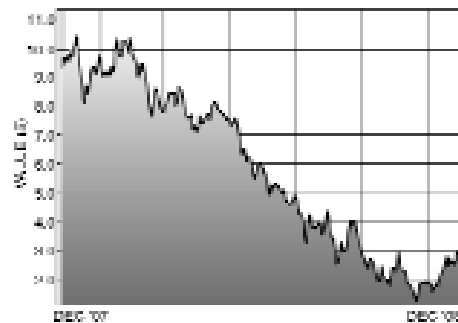
WestJet



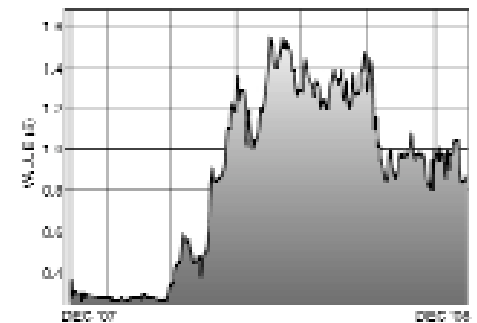
TransCanada Corp.



Silvercorp Metals



TransAtlantic Petroleum Corp.



Street Life: Analysis

eight, 46 and 37 percent respectively since early October. Consequently, China is shutting smelting or reducing capacity, and Silvercorp is forced to adjust its program to weather the storm.

The company has delayed exploration plans, reduced staff and management salaries by five to 25 percent, is monitoring break-even points of all mines, and concentrating on removing redundant and non-essential tasks. However, Silvercorp investors seem comfortable with the company's balance sheet and cost-cutting measures, and have lifted the stock \$0.95 or 48 percent in a month.

ACT IV: TALKING TURKEY

- **The Player:** TransAtlantic Petroleum Corp. (TSX:TNP)
- **Action:** Down 13 percent in a month (from \$1 Nov. 28)
- **Recent Price:** \$0.87
- **52-Week High/Low:** \$1.73/\$0.26

Petroleum prices have tumbled and what was once a flurry of drilling activity has been cancelled or delayed, but the economy will turn around soon ... at least one Calgary company is counting on it.

TransAtlantic Petroleum Corp., an exploration and development company focused on oil and gas properties in Morocco, Turkey and Romania, had agreed in September to acquire Longe Energy Ltd., and committed at that time to a drilling plan in all three countries starting in early 2009.

To meet that schedule, TransAtlantic and Longe (an entity controlled by TransAtlantic's chairman) purchased around \$60 million worth of rigs and other equipment, even though the acquisition deal hadn't yet closed.

Of course, the world economy has changed a little bit since September.

TransAtlantic did finally complete the Longe acquisition this week, but drilling plans have changed. The company is still mobilizing its rigs, but in stages: Morocco first, then Turkey, then Romania. Once initial wells are drilled, additional drilling will likely be delayed until Q2 2009.

Shareholders seemed relieved by the conservative plan, holding the stock price steady over the week (from \$0.84 Dec. 23)

NOTE: The above is not intended as investment advice to buy or sell any mentioned securities. Investors should do due diligence before investing. Quotes are based on results through Dec. 30, 2008.

(Nicole Strandlund can be reached at nicole@businessedge.ca)

Bakery's outlook on rise

The Canadian Press

Cobs Bread, the Canadian arm of Australian retail bakery franchise Bakers Delight, is looking for 50 franchisees in Canada as part of an expansion across Australia, New Zealand and Canada in 2009.

The company said it is looking to recruit 150 new franchisees across its international network and will also hire 500 bakers to help with the growth.

"It represents a great opportunity for anyone looking to operate a business or work in a thriving retail environment that can withstand even the toughest of economic times - our business continues to demonstrate this 28 years on," Bakers Delight chief executive Roger Gillespie said.

Bakers Delight has more than 700 bakeries in Australia, New Zealand and Canada.

RIM extends date for Certicom bid

The Canadian Press

Technology heavyweight Research in Motion Ltd. says it has extended the expiry date on its offer to buy Toronto-based Certicom Corp. by 12 days.

RIM said the hostile bid, valued at \$66 million or \$1.50 per share, is now set to expire Jan. 27, rather than the original Jan. 15 closing date.

The company, based in Waterloo, said the extension has been granted in order to allow the Ontario Superior Court of Justice more time to process Certicom's challenges to the bid.

Certicom announced it had gone to court to block the takeover, arguing the BlackBerry maker's offer violates confidentiality agreements between the two companies.

The data-encryption company has counted Research in Motion as a customer for many years, and said the bid contravenes non-disclosure agreements signed by RIM in 2007 and 2008.

Certicom also issued an official rejection of the deal, advising shareholders not to tender to the bid and asserting that RIM's offer undervalues the company.

3 STARS from Page 14

BOE target within reach

"Their production in '09 should grow to 20,000 BOEs a day. They can fund all of that with their cash on hand and cashflow. There's no risk to the production growth based on the cashflow available, as long as oil is over \$22. The management team is very experienced internationally. They've got the opportunity to expand production even further by building a pipeline, but they can reach their 20,000-a-day target just through trucking."

- **Risk Rating:** Medium-high
 - **Web Watch:** www.grantierra.com
- Stevenson's Edge Record (based

Coming Events

- **Canadian Club of Toronto** (Jan. 12, noon) – Speaker: **Robert Kelly**, chairman and CEO of the Bank of New York Mellon Corp. Topic: On the Eve of the Inauguration – A U.S. President Faces Unprecedented Economic Challenges. Location: Fairmont Royal York Hotel, 100 Front St. W. Info/register: www.canadianclub.org
- **How to Write a Business Plan** (Jan. 13, 8 - 9:30 a.m.) – Enterprise Toronto seminar. Speaker: **Debbi Arnold**. Location: North York Civic Centre, 5100 Yonge St., Committee Room No. 5. Free. Info/register: www.enterprisetoronto.com
- **Economic Club of Toronto** (Jan. 13, 11:30 a.m. - 1:45 p.m.) – Speaker: **David Plouffe**, campaign manager for U.S. president-elect Barack Obama. Location: Metro Toronto Convention Centre, 255 Front St. W. Cost: \$150. Info/register: www.ecot.ca
- **Growing Your Business Session 5** (Jan. 13, 7:30 - 10 a.m.) – Topic: Intellectual Property. Speakers: **Dave Tyrrell** of Vertex Intellectual Property Strategies Inc.; **Anthony deFrazekas** of Miller Thomson LLP; and **Geoff Clarke** of Greencore Composites Inc. Location: Faculty Club, South Building, University of Toronto Mississauga, 3359 Mississauga Rd N. Cost: \$20/\$25. More info: Email Na Fan

at na.fan@ric-centre.on.ca

- **Education and the Economy** (Jan. 14, 7:30 - 9 a.m.) – Speaker: Education Minister **Kathleen Wynn**. Location: Toronto Board of Trade downtown centre, 77 Adelaide St. W. Cost: BOT members \$65, others \$75. Info/register: www.bot.com
- **Canadian Market Research** (Jan. 14, 8 - 9:30 a.m.) – Enterprise Toronto seminar. Presenter: **Maggie Weaver**. Location: Etobicoke Civic Centre, 399 The West Mall, Main Board Room. Free. Info/register: www.enterprisetoronto.com
- **Accenture C-Suite Series** (Jan. 15, 7:30 - 9 a.m.) – Topic: Driving Growth in Uncertain Times – Operational Excellence and Innovation. Location: Toronto Board of Trade downtown centre, 77 Adelaide St. W. Cost: BOT members \$55, others \$75. Info/register: www.bot.com
- **Tax System Overview** (Jan. 15, 10 a.m. - noon) – Enterprise Toronto seminar. Presenter: **Shervin Rismani**. Location: Toronto City Hall, 100 Queen St. W., Committee Room No. 4. Free. Info: www.enterprisetoronto.com
- **Eggs 'n' Icons** (Jan. 16, 7:15 - 9 a.m.) – Speaker: CFL commissioner **Mark Cohon**. Location: Sheraton Ottawa Hotel, 150 Albert St. Cost: Ottawa Chamber members \$30, others \$40. Info/register: www.ottawachamber.ca
- **Financial Executives International** (Jan. 19, 7:30 - 9:30 a.m.) – Succeeding in Turbulent Times. KPMG presentation. Location: Marriott Bloor Yorkville, 90 Bloor St. E., Toronto. Cost: FEI Canada members free, others \$60. Info/register: www.feicanada.org
- **Canadian Club of Ottawa** (Jan. 20, noon) – Speaker: **Sherry Cooper**, executive VP of the BMO financial group. Location: Fairmont Chateau Laurier, 1 Rideau St. Cost: Members \$40, non-members \$50. Info/register: www.canadianclubottawa.ca
- **State of the City** (Jan. 22, 7:30 - 9:15 a.m.) – Speaker: Mayor **Anne Marie DeCicco-Best**. Location: London Convention Centre, 300 York St. Cost: London Chamber members \$39, non-members \$50. Info/register: www.londonchamber.com

- **Technology Innovators Breakfast** (Jan. 22, 7:30 - 9:30 a.m.) – Speaker: **Mark Aboud**, president of SAP Canada. Topic: Transforming Businesses into Best-Run Businesses. Location: Toronto Board of Trade downtown centre, 77 Adelaide St. W. Cost: BOT members \$55, others \$75. Info/register: www.bot.com
 - **Exporting** (Jan. 22, 10 - 11:30 a.m.) – Enterprise Toronto seminar. Presenter: **Maggie Weaver**. Location: North York Civic Centre, 5100 Yonge St., Committee Room No. 5. Free. Info: www.enterprisetoronto.com
 - **Institute of Corporate Directors** (Jan. 22, 4 - 6 p.m.) – Topic: Enhancing Your Board Opportunities. Location: Fairmont Royal York Hotel, 100 Front St. W., Toronto. Cost: \$95. Info/register: www.icd.ca
 - **Holding Back on the Essentials Can Cost You the Race** (Jan. 23, 8 - 10:30 a.m.) – Markham Small Business Enterprise Centre seminar. Location: Markham Civic Centre, 101 Town Centre Blvd. Info/register: www.msbec.markham.ca
 - **Canadian Club of Toronto** (Jan. 26, noon) – Speakers: **David Pecaut** and **Ratna Omidvar**. Topic: Turning the Diversity Deficit into a Diversity Dividend. Location: Fairmont Royal York Hotel, 100 Front St. W. Info/register: www.canadianclub.org
 - **Cold Calling** (Jan. 27, 8 - 9:30 a.m.) – Enterprise Toronto seminar. Presenter: **Tom Kaufmann**. Location: North York Civic Centre, 5100 Yonge St. Free. Info: www.enterprisetoronto.com
 - **Managing Your Business** (Jan. 27, 10 - 11:30 a.m.) – Enterprise Toronto seminar. Presenter: **Elizabeth Verwey**. Location: North York Civic Centre, 5100 Yonge St. Free. Info/register: www.enterprisetoronto.com
 - **Privacy by Design** (Jan. 28, 7:30 - 11 a.m.) – Main speaker: **Ann Cavoukian**, information and privacy commissioner of Ontario. Location: Toronto Board of Trade downtown centre, 77 Adelaide St. W. Cost: BOT members \$70, others \$85. Info: www.bot.com
- (E-mail your events at least two weeks before publication date to murdoch@businessedge.ca.)



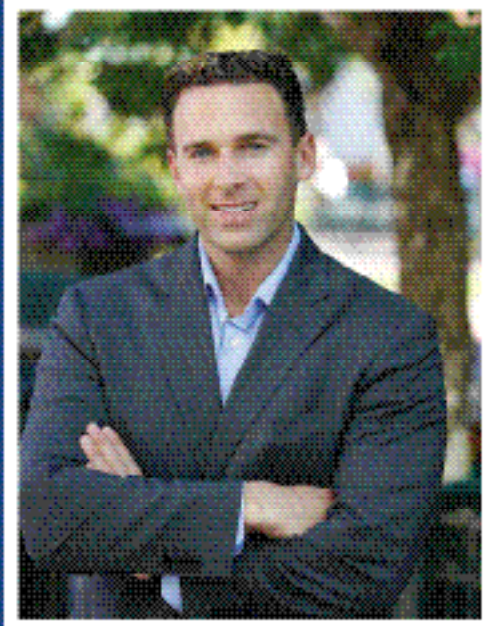
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Family violence can be hidden, but costly

Not paying attention to domestic abuse could hurt your business

By Tess van Straaten
Business Edge

It's not always easy to talk about, but staying silent on domestic abuse is hurting more than just the home front. It's affecting our schools, our communities and even our workplaces.

"One in two Canadian women will be abused by an intimate partner in their lifetime and three in five school-age children have witnessed their mother being abused, so if you're an employer, your employees are being affected by this," says Theresa Rothenbush, communications manager of the Calgary Women's Emergency Shelter.

"Ethically, we all have a responsibility to act but, generally, we only deal with health issues because they impact our bottom line, and family violence is impacting the bottom line in a big way."

Government estimates put the cost of domestic abuse at more than \$4 billion each year in lost wages, social services and health-care costs. Yet, despite the growing financial toll, domestic violence is still a taboo subject in many workplaces.

"It's not an issue people want to talk about, but we have to talk about it," says Rothenbush.

"Not only do the effects of family violence spill over into the workplace, but a large number of people suffering abuse from their partners are actually abused at work."

In fact, 70 percent of domestic abuse victims in Canada are also abused by their partners when they're on the job, according to the Alberta Council of Women's Shelters.

From abusive phone calls to stalking and even violence in the workplace, experts say domestic abuse can be incredibly disruptive – not just for the victim, but also their co-workers.

For the victims, domestic abuse can cause emotional instability, loss of concentration, decreased productivity, increased absenteeism and, in many cases, reliance on medication and alcohol to cope.

"Victims of family violence basically have strategies to survive," says Rothenbush. "It could be using drugs or alcohol to escape, shutting down their emotions, tuning out, sleeping all the time or not at all if they're afraid, and sinking into a depression – all of which have a further impact on



Photo illustration

Experts say a large number of domestic abuse victims in Canada are also abused by their partners while on the job.

productivity and absenteeism."

In the workplaces of abusers, the bullying behaviour at home can sometimes spill over to interactions with co-workers, bosses and customers.

That was the case with Bob Smith (not his real name), a 67-year-old truck driver with anger issues.

"I remember right back to when I was a kid being a bully and I carried it on (in my adult life) with mental abuse," Smith admits. "It took me three marriages to figure out I was the one with a problem, not my wives, and that my (behaviour) was abusive."

Smith says he took his problems to work, getting into arguments and shouting matches over the smallest things and quitting jobs as soon as something went wrong.

It took hitting rock bottom after an unsuccessful suicide attempt three years ago for him to finally admit he had a problem and get help.

"I was still denying my abuse in the hospital," says Smith. "I blamed everyone else for my problem but me, until I finally admitted I was saying those mean things to my wife."

"I never hit her, but I sure did hurt her and it wasn't her fault – I was the one with the problem."

Counselling helped Smith save his marriage. And by changing his behav-

our at home, he also saw a big change at work.

"I've had lots of instances at work where I would have blown up at my fellow workers, but I've handled it in a better way," Smith says.

"I've learned how to deal with my anger – we all have buttons, but I've learned they're my buttons and I'm not going to let anyone else push them."

For many domestic abusers, those buttons only get pushed at home.

Unlike Smith, who exhibited warn-

Resources

- General information on domestic abuse and what to do:
<http://www.neighboursfriendsandfamilies.ca/eng/mainnew.php>
- Ontario government domestic violence resource information:
<http://www.citizenship.gov.on.ca/owd/english/>
- Safe@Work Coalition – domestic violence and the workplace (U.S.)
<http://www.safeatworkcoalition.org/dv/whatisdv.htm>
- Tip sheet from Alberta government on domestic abuse and the workplace:
<http://www.alis.alberta.ca/ep/eps/tips/tips.html?EK=7759>
- Alberta Family Violence line: **403-310-1818**
- Non-judgmental helpline for victims and abusers run by the Calgary Women's Emergency Shelter – toll-free from anywhere in Canada **(866) 606-7233**

ing signs at work, other domestic abusers do a good job of hiding their anger from co-workers, friends and even other family members.

"The problem many victims face is that no one believes them because their partner only shows his anger at home," Rothenbush says.

"You can have an exemplary worker who is abusive at home, so it's important for people to realize that the person who appears very nice could be very abusive at home."

See @WORK

Page 19



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Unpaid 'furloughs' gain popularity as economy slows

The Canadian Press/The Associated Press

Here's the vacation no one wants, courtesy of the recession: Forced time off without pay.

Financially struggling universities, factories and even hospitals in North America are requiring employees to take unpaid "furloughs" – temporary layoffs that amount to one-time pay cuts for workers and a cost savings for employers.

Last year, the number of temporar-

ily laid-off workers hit a 17-year high.

"If they do it once, I think it's easier for them to try to do it again," said Carrie Swartout, who researches traumatic brain injuries at the University of Maryland Medical Center.

Maryland is requiring unpaid time off for 67,000 of its 80,000 employees as it struggles with a budget crisis. The state says the furloughs will save an estimated US\$34 million during the financial year.

State governments are using fur-

loughs as a quick way to trim payrolls.

Private-sector businesses – from automakers to small businesses – are shutting down factories and offices as sales drop.

The temporary layoffs are "kind of employment purgatory, but it's better than the alternative," said Carl Van Horn, a professor of public policy at Rutgers University. They're a typical response to decreasing demand in a recession, although this round is slightly worse than past bad recessions, Van Horn said.

Of 10.3 million unemployed U.S. workers in November, roughly 12 percent were unemployed because of temporary layoffs, according to data from the Bureau of Labour Statistics.

The numbers, based on a Census Bureau survey of households, likely understate temporary layoffs. The survey asks about participants' working hours during the prior week, so a worker who knows he faces a temporary layoff later in the month would not be included.

At state-funded Winthrop University in South Carolina, workers are being asked to stagger days of unpaid leave as the state's sales tax revenue declines. Professors were told to take nine furlough days without cancelling classes or office hours, missing meetings or interfering with any other university responsibility. They are re-

quired to take the days before June 30, when the university's fiscal year ends.

Education professor Nakia Pope, 32, calculates that there are 11 days before and after the semester and over spring break when he could take unpaid time, but he and his colleagues would normally work most of those days, preparing materials, grading and writing or doing research.

"Most faculty I know will end up taking few if any of those furlough days off – they'll just go about doing the good jobs they normally do for less money," he said.

Like other workers facing forced time off, Pope said his family will have to cut its spending.

For factory workers, unpaid time is coming in the form of extended shutdowns as manufacturers try to reduce inventory of everything from aluminum to newsprint to fertilizer.

Computer maker Dell Inc. in November asked employees to consider taking unpaid vacation days during the fourth quarter.

Chrysler, General Motors Corp. and Ford Motor Co. have all extended their annual holiday shutdowns, typically the last two weeks of the year. The moves will idle tens of thousands of workers both at the major automakers and their suppliers.

At some companies, the furloughs are a prelude to a permanent layoff.

@WORK from Page 18

Bruises aren't the only clues to domestic violence: counsellor

"Some people wear anger on their sleeve, but many others wear it in their pocket."

While the warning signs for abusers may not always be apparent, signs someone is being victimized are generally easier to spot.

Frequent absences, upsetting personal calls at work, regularly working late to avoid going home, changes in work habits, unusually quiet, nervous or jumpy behaviour, and reluctance to take part in staff social events could all point to a problem at home.

Frequent injuries or bruises – especially if the person tries to explain them with "I'm clumsy" or "I'm accident prone" – are often a sign of physical abuse. However, experts say it's important for employers and co-workers to realize that domestic violence takes many forms.

"For a lot of people, unless there are bruises they don't think violence is going on," says counsellor Christine Berry at the Calgary Counselling Centre. "But if someone is stalking you, verbally abusing you, harassing you or trying to control you, there's a whole lot of violence going on."

If domestic abuse is suspected, a supportive workplace can make all the difference. Expressing concern, being non-judgmental and encouraging the person to seek professional help are good first steps.

"Just saying to a co-worker or employee that you've noticed something is going on with them, and telling them that you're there for them, helps open the dialogue," Rothenbush advises.

"People are ashamed that they're being abused, and that's why we want people to talk about it, because silence is the end product abusers are looking for. They want to maintain control and isolate the victim, so the best thing we can do is make sure people aren't isolated and know that they can come forward."

One Canadian employer doing just that is Scotiabank. Part of its corporate fundraising in Alberta is for the Calgary Women's Emergency Shelter,

which also runs a men's counselling program, and helps more than 12,000 men, women and children each year.

Since starting a charity golf fundraiser for the shelter 13 years ago, bank employees have raised more than \$600,000 – and a lot of awareness.

"Domestic violence is a huge issue across Canada and it's something that should concern us all," says Scotiabank vice-president John Kowalski.

"The fact that we support something that perhaps has had a stigma around it helps bring the issue forward . . . and lets our employees know that they can talk about it."

Employers can also post community resource and awareness information in the workplace and ask their local shelter to come and speak to staff. If safety is an issue, employers have an obligation to take measures to protect their employees.

Online safety plans can be downloaded from many shelter websites, as well as tips for handling suspected abuse. It's also a good idea to document what's happening and provide counselling for employees who need help.

"One of the (counselling) intakes I just got from a Toronto company actually had on it 'abuse occurring,' so people are starting to ask the question," Berry says. "And if you offer folks counselling who are struggling with this, you can really make a big difference."

As for Smith, he's now trying to make a difference by helping new members of his counselling group put their abusive behaviours behind them.

"Men still come to the group and say it's their wife's fault, but until you admit you have a problem, nothing changes," Smith says.

"It's hard work to change. It's hard work to change your attitude when that's what you've been like your whole life, but everything is a choice and you're the one that has to do it."

(Tess van Straaten can be reached at tess@businessedge.ca)

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Opinions

Canada deserves more than a Band-Aid budget

So, the first item on the Parliamentary agenda for 2009 is the federal budget and heavyweights across the political spectrum spent the holiday season revving their engines like Formula One drivers overdosing on testosterone and steroids.

Finance Minister Jim Flaherty has mused that recession and the economic crisis could push the budgetary deficit for the 2009-10 fiscal year to \$30 billion. The NDP's Jack Layton, leader of Canada's utopian left, has been demanding a national child-care program and billions for social housing.

Freshly acclaimed Liberal chieftain Michael Ignatieff issued the following stern warning on CTV's Question Period: "It is extremely important for Mr. Harper to understand that if he doesn't produce a budget that is in the national interest of Canada, he's going to lose a vote of confidence at the end of January."

All this manoeuvring for political pole position should make the voters nervous. Here's why. It will likely lead to a budget in which a minority government desperate to survive allows expedience to trump wisdom and opts for Band-Aids rather than an economic blueprint.

If we get the former (expedience and Band-Aids), then we can expect a repeat of the fiasco in Ontario in the early 1990s when an inept NDP government tried to prime the economy with great gobs of cash, ran up a \$10-billion deficit and achieved next to nothing.

What the country sorely needs is a dash of political wisdom and an economic blueprint that addresses long-term strategic goals and structural needs. One of the most acute problems facing the Canadian economy today is the shortage of skilled workers in industries as diverse as construction, manufacturing and hospitality.

For months now, the news has been full of stories about plant closures, layoffs and job losses, mostly in manufacturing in southern Ontario. The flip side of this story – and it has been buried in the back pages or ignored altogether – is that dozens of employers across the country can't find the workers they need.

According to Paul Charette, chairman of the Canadian Construction Association (CCA), which represents companies involved in all sectors of

building except housing, the CCA's member companies will need to recruit and train some 265,000 skilled workers between now and 2016.

The mining industry has projected that it will have to fill 92,000 high-skill positions over the next decade.

Opinion



D'Arcy Jenish
Business Edge

Trucking companies estimate that they will need 37,000 new drivers per year for the next five years. Other industries, including retail, advanced technology and hospitality, are just as hard-pressed.

These shortages are already causing problems for the affected industries. "There is an increasing number of delays in finishing construction projects," Charette says. "There has also been a significant increase in building costs,

often because wage rates are soaring. The average cost of a typical building increased 14 percent between the third quarter of 2006 and the third quarter of 2007."

The needs have become so acute in so many different sectors that 17 national associations have formed the Investing in Skills Coalition to convince the federal and provincial governments that they must act.

As Charette points out, employers of skilled labour are facing a number of challenges which they alone cannot surmount. The aging of the Canadian population means that a massive number of people will be retiring over the next decade and taking their skills with them. A decades-long decline in the birthrate means that there are not enough young people to replace them.

Immigration is no solution because most Western European countries – once a reliable source of skilled workers – are facing the same demographic dilemma as Canada.

Public attitudes also work against industries in need of skilled labour. "The real problem we have is Baby Boomer parents who insist that their kids go to university," says Charette. "They think that's the only type of post-secondary education that will lead to a good career."

As this new year begins, thousands of Canadians are nervous about their jobs. But to date, the crisis in employment has largely been limited to southern Ontario's manufacturers.

What we need is concerted government action to move surplus blue-collar, assembly-line workers to sectors of the economy that are facing massive and sometimes crippling shortages of labour.

This will involve public education and awareness campaigns, retraining programs and large investments in the community colleges that offer technical training and programs. These are all long-term initiatives that will not pay a political dividend in the short term.

As MPs return to Ottawa this month, they'll be looking for quick fixes to jolt the economy. My bet is we'll get budgetary Band-Aids rather than an economic blueprint. We'll get lots of splashy spending, a big deficit and precious little in the way of real results.

(D'Arcy Jenish can be reached at jenish@businessedge.ca)

Cartoon Corner



Rumour mill part of business social fabric

Author explains why watercooler chat runs rampant in the workplace

By Terri Schlichenmeyer
Business Edge

It's a tough world out there, and getting tougher.

You heard that the CEO at the competition got ousted and there's nobody at the helm right now. Somebody said that his whole business would be up for sale soon and you'll pounce on that if it happens.

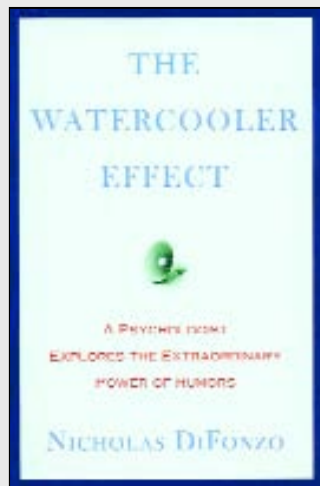
You heard about another company that was trying to start up in your area and you wouldn't want them to get a toehold in any way because you know their business practices aren't exactly ethical. You know, because a friend sent you an e-mail about them.

But what, exactly, do you really know? Maybe not much, as you'll see in *The Watercooler Effect*, by Nicholas DiFonzo.

Although your mama probably told you that there is no such thing as a good rumour, DiFonzo says that's not entirely true.

Rumours come in three basic types: Wish rumors (the whole business would be up for sale soon); dread rumours (you heard about another company that was trying to start up

Business Books



The Watercooler Effect, by Nicholas DiFonzo, c.2008, Avery Books, \$27.50, 291 pages.

in your area); and wedge-driving rumours that confuse or "drive a wedge" into the situation at hand (a friend sent you an e-mail about them). The overwhelming majority of

rumours appear to fall into the latter two categories.

So why do we perpetuate rumours? DiFonzo says it's because we are social creatures and rumours pull us together in unity. They serve to give us importance in a group – if you're "in the know," you're someone everybody wants to talk to.

Rumours also help us deal with (and prepare for) ambiguity and threat.

If we hear a rumour that a business is closing, we have time to steel ourselves for the brutal announcement.

So what can be done about word-of-mouth, particularly of the damaging kind?

DiFonzo says you can be proactive in checking out a rumour's veracity before repeating it by asking for clarification directly from supervisors, vendors or superiors.

As for email rumours (those incessant fear-inducing forwards), utilize truthorfiction.com or Snopes.com before you hit forward.

Then, although few people really do it, make it a policy to send retractions to anyone to whom you've sent a false rumour email.

And if you're on the receiving end of a nasty whisper-campaign, DiFonzo says you're not alone.

Lots of corporations have successfully sued malice-minded rumour-mongers.

Psssst. Want to find a book that explains why rumours run so rampant in today's business place? You'll find that here, and more.

The Watercooler Effect is a bit of a surprise, in that it goes beyond making sense of scuttlebutt and delves deep into the anatomy of whispered information.

DiFonzo uses many real-life examples and plenty of personal stories to illustrate how rumours start, why they're so ubiquitous, what purpose they serve, how they differ from gossip and urban legend, and what you can do to foster or squash them.

If you've been the victim of rumours, or if you're guilty of a few furtive whispers yourself, learn more about this fascinating phenomenon by reading *The Watercooler Effect*. And then – shhhhhhh – pass it on.

(Terri Schlichenmeyer can be reached at schlichenmeyer@businessedge.ca)

Retail survivors tell stories from the trenches

New book shows there is plenty of humour 'in them there aisles'

By Terri Schlichenmeyer
Business Edge

You knew it was a bad time of year to go to that store, but you went in anyhow and you wished you hadn't.

The lines were long and filled with grumps and kids, both way past nap time. You couldn't find anything because the place was a mess. You couldn't wait to get out of there.

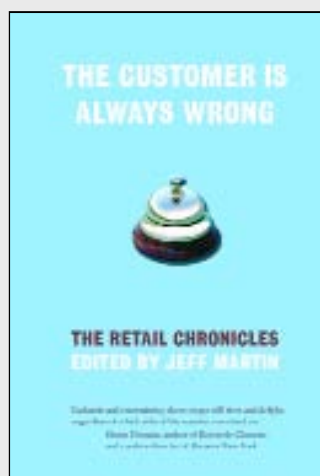
Too bad you were the person behind the cash register.

In the new book *The Customer Is Always Wrong: The Retail Chronicles*, edited by Jeff Martin, you'll see that you're not alone. You'll also see that there is humour in them there aisles, too.

Want great discounts on merchandise? Don't mind long (long!) hours on your feet? Do you have the negotiation skills of a statesman, the strength of a linebacker, and the patience of a kindergarten teacher? Are you ready for work with little-to-no job security? Then step up and sign on for a retail position.

Martin says that the writers of this book "are retail survivors." They're the ones who helped you find that elusive gift. They're the people you yelled at because they didn't have the colour

Business Books



The Customer is Always Wrong: The Retail Chronicles, edited by Jeff Martin, c.2008, Soft Skull Press, \$16.95, 171 pages.

sweater you wanted. The writers represent all the people who ever took your money at a cash register. They might even represent you.

Unless you work in a kids' store,

small shoppers can sometimes be a challenge for retail workers. Mystery author Elaine Viets writes about doing research for a novel while working in a bookstore, and how a comment from a 12-year-old boy gave her hope for the world of reading.

Stores are magnets for unique customers and local characters. Kevin Smokler in *Another Day at the Video Store* writes about some of the ones who visited him at work. In *The Bad Call*, Clay Allen remembers an early-morning group of customers that made him cry. And the word "project" will scare you, too, when you read *Other Things in Mind*, by James Wagner.

And years from now, when you look back on your time spent working retail, think of *We Weren't Really Rock Stars*, by Richard Cox. Maybe you'll remember to be nice to

the new guy behind the cash register.

Had your fill of crabby shoppers, tinny music and crowded parking lots? No matter which side of the checkout counter you've been on recently, this book is the perfect antidote to it all.

In *The Customer is Always Wrong*, editor Martin assembled 21 stories from the trenches, including great experiences and ones best forgotten. For retail workers past and present, there's familiar hilarity in some of them, and sobering realism in others. Having spent time in retail (at a bookstore, of course!), I loved this book.

Pick up a copy of *The Customer is Always Wrong*, then go ahead and throw away the receipt. This is a book you're going to want to keep on your shelf for a long time.

(Terri Schlichenmeyer can be reached at schlichenmeyer@businessedge.ca)

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Technology Edge



We may need all the help we can get in '09

That supposed Chinese curse – “May you live in interesting times” – seems to be an apt metaphor for the year to come, as people worry about everything from their jobs to the stock market to environmental disasters.

It's also a great anchor to highlight several important technology trends that will probably get bigger in 2009:

• **Reputation will become even more important.** TV comedian Stephen Colbert uses the word “truthiness” to describe something that people think they know intuitively, without actually having evidence or intellectual arguments to back it up. Colbert was trying to satirize the Bush administration's appeal to “gut instinct” about the war in Iraq, but the term has taken on a life of its own. Especially in the online world, perception and reputation really do create reality.

Consider the example of that “interesting times” saying. Most people believe that it's actually an ancient Chinese curse. However, the self-appointed pundits at Wikipedia say that origin is pretty doubtful. Truthiness is a moving target and you have to stay on top of it.

If you're a big firm, such as EnCana, Telus or Shaw, you should check your Wikipedia page for possible tampering. If you're too small to rate a Wikipedia page, you can still have a corporate presence on Facebook.

Telus has an official Facebook page that features its cute critters, and boasts 9,199 so-called “fans.” Of course, there is also an 86-member “I hate Telus” Facebook group, and one called “Encana Lies.” Having an online image cuts both ways, and requires constant vigilance.

• **Well-executed web advertising will be a key tool for all kinds of businesses.** Internet advertising initially got a bad name as companies flooded potential customers with pop-ups, spam, and annoying flashing boxes. An air of civility has descended, with Google setting the pace with discreet ads on its Gmail and YouTube services.

As I opened my inbox today, the little advertising line pointed me to the Chinese language learning website of Praxis Language. I usually ignore online ads, but since I am trying to learn Mandarin, I checked it out. The fact that it hooked me sug-

gests that tactful web advertising is really starting to do its job, especially for a business that is fishing in the big ocean of Gmail users for people who might pay to learn a language.

Future/ Present



Tom Keenan
Business Edge

• **New delivery methods are emerging to communicate and do business.** Clicking on the Chinese course link, I discovered that it offers a free sample, which is becoming the dominant business model for virtual commerce. It costs them nothing to give us a free taste. Praxis, like many others – including CBC and CTV – have discovered the power of Apple's iTunes store as a distribution channel for both free and paid-for content.

The moral of the Praxis story is you don't really need a pricey IT expert to set up an online business, just something to sell that people want, and an account on iTunes, Amazon or eBay. If you don't explore these channels, rest assured that your competitors will.

• **Social networking will move from being cute to a must-have.** New York-based advertising agency J. Walter Thompson (JWT) put “Social Networking for Jobseekers” on its list of Top Tech Trends for 2009. Even if you're fortunate enough to have a job, astute use of networks like LinkedIn, Xing, Plaxo, and perhaps even MySpace and Facebook will probably become more

important to you in 2009. You'll know it's too late when all your business contacts are inviting you to link up to them online. Get there first.

• **The decline of email and the rise of immediacy.** A related trend identified in the JWT report is the decline of email, as spam piles up and the younger generation drops it for more immediate gratification. We'll still be staring at our BlackBerry or iPhone, using it to post messages on services like Facebook and Twitter, a microblogging site where people continually update their status.

Twitter was in the news recently when Denver plane crash survivor Mike Wilson used it to tell the world about his experience. Wilson's prose wasn't timeless but it certainly was timely. His description of what sounds like a chaotic scene probably didn't endear him to Continental Airlines, which was keeping the passengers holed up in the President's Club lounge.

• **“Buy what your neighbor grows.”** This is the slogan on the website of the Essex County Associated Growers in southwestern Ontario. It's a portal that allows Ontario customers to purchase farm-fresh produce online. At this time of the year, the pickings are slim (apples) but it highlights two important trends. One is aggregation – smart little guys getting together to tackle a broader market than their traditional farm gate and market sales. The other is “locality,” wanting to support those near to you. If times

get tougher, we may well see a lot more impetus to buy local to keep our neighbors solvent.

• **Oops, I didn't mean to do that.** Technology to protect us from technology goes way back, from the first anti-virus programs to password-protected files. But, more and more, we are the enemy, as we accidentally delete important files and send ill-considered emails that we later regret. Web backup services such as ElephantDrive and online environments such as Apple's MobileMe can protect data from loss.

As for problems caused by our own stupidity, drunkenness or tiredness, Google has introduced Google Mail Goggles. This clever feature helps you reconsider sending that email to the boss or significant other that you may regret by forcing you to answer some simple math questions.

This not only checks your level of sobriety, it also provides time for sober second thought. By default, the feature is activated from 10 p.m. to 4 a.m. on weekend nights because, Google says, “that is the time you're most likely to need it.” If you go on ill-considered email binges at other times, you can adjust that setting.

The way 2009 is looking, we're going to need all the help we can get.

(Tom Keenan is a professor at the University of Calgary and an expert on technology and its social implications. He can be reached at keenan@businessedge.ca)



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Barrick's new chief executive in acquisition mode

Business Edge

The incoming president and chief executive of **Barrick Gold Corp.** (TSX, NYSE:ABX) says he will "definitely" be looking at acquisitions when he takes the reins of the world's largest gold producer. **Aaron Regent**, currently senior managing partner of Brookfield Asset Management and co-CEO of that company's infrastructure group, will take over from Barrick founder and chairman **Peter Munk**, who has been acting CEO since March, when former CEO **Greg Wilkins** went on medical leave. Wilkins later resigned in July. Regent's appointment is effective Jan. 16.

Brick Brewing Co. Ltd. says that executive chairman and founder **Jim Brickman** has handed in his notice of retirement. Brickman founded the company in 1984 and has been executive chairman since 2004. Brick is a regional brewer of premium and value beers. Its head office is in Waterloo.

Big-screen movie technology developer **Imax Corp.** (TSX:IMX) is lowering the curtain on its long-running co-chairman and co-CEO act. Imax says that **Bradley Wechsler** will become sole chairman as of April 1, while **Richard Gelfond** begins an exclusive engagement as CEO. The two men have been partners at Imax since acquiring the company in March 1994, taking it public shortly afterward. The company added that it is seeking a COO. Imax is headquartered jointly in New York and Toronto.

Chartwell Seniors Housing Real Estate Investment Trust (TSX:CSH.UN) has appointed **Terry Whalen** as chief investment officer. Whalen was most recently managing director of capital markets for CB Richard Ellis. Chartwell owns and manages a complete spectrum of seniors housing communities. Its corporate office is in Mississauga.

Liquidation World Inc. (TSX:LQW) is looking for a new president and CEO after announcing the resignation of **Jonathan Hill**. Hill, who has been with the company for 17 years, will remain available on a consulting basis to assist in the transition. Chairman **Craig Graham** will be interim CEO of the 98-store specialist in "asset recovery problems." Liquidation World's head office is in Brantford.

Resolve Business Outsourcing Income Fund (TSX:RBO.UN) has appointed **Bruce Simmonds** as president and CEO, and **Gerry McDonald** as interim CFO. Simmonds, a CA, was most recently president and CEP of Aditya Birla Minacs Worldwide Ltd. McDonald, also a CA, has 30 years of experience as a financial professional.

Moving On

Resolve works with businesses as an outsourced resource, taking on critical processes and managing them. Its head office is in Mississauga.

Continental Precious Minerals Inc. (TSX:CZQ) has named **Michael Bromley-Challenor** as executive VP and director of exploration and development. **Gustav Akerblom** has been named executive VP and director of environmental management. Bromley-Challenor has been responsible for the company's project management in Sweden since early 2005. Before joining Continental as a consultant in 2007, Akerblom held senior positions with the Swedish Radiation Protection Authority. Continental Precious Minerals is a multi-metal exploration company with licences in Sweden. Its head office is in Toronto.

The **Consumers' Waterheater Income Fund** (TSX:CWI.UN) has named **John Toffoletto** as senior VP, general counsel and corporate secretary for the fund and its subsidiaries. Toffoletto comes to the fund from corporate law firm Torys LLP. Consumers' Waterheater owns a portfolio of about 1.4 million installed water heaters and other assets, rented primarily to residential customers in Ontario. Its head office is in Markham.

Grey Horse Corp. (TSX:GHC) has named **Paul Smith** as president and CEO of GHC, and CEO of its principal subsidiary **Equity Transfer & Trust Co.** **Josh Reusing**, the controller, has been appointed acting VP of finance. Grey Horse is a financial services company focused on the corporate and institutional markets. Its head office is in Toronto.

Newport Partners Income Fund (TSX:NPF.UN) says it has appointed **Dean MacDonald** as president and CEO, replacing **Peter Wallace**, who resigned. MacDonald joins Newport after a career spent building and managing public and private companies. Newport Partners is a diversified fund that invests in Canadian private businesses. Its head office is in Toronto.

HydraLogic Systems Inc. (TSXV:HLS) says **Bob Brown** has resigned as CFO due to an unexpected personal situation. **Doug Smith** becomes interim CFO. HydraLogic manufactures misting systems for the mosquito- and odour-control sectors in the U.S., Canada and 12 other countries. It has offices in Toronto, Houston and Fort Lauderdale, Fla.

Hy-Drive Technologies Ltd. (TSXV:HGS) says that **Tom Wallace** has left the positions of VP and CFO.

Fred Florence has been named CFO. For the past five years Florence has been VP and COO of a customs brokerage agency. Hy-Drive's hydrogen generating system provides additive amounts of on-vehicle generated hydrogen. Its head office is in Mississauga.

FNX Mining Company Inc. (TSX:FNX) has named new senior managers, which it says will help it "better manage" the economic downturn. The Toronto-based miner said it has promoted **Bill Shaver** to COO, **Gord Morrison** to senior VP of exploration, and **Catharine Farrow** to senior VP of corporate development and technical services. Shaver came to the company in September as president of DMC Mining Services; Morrison joined FNX in 2002; and Farrow in 2003. In December, FNX cut its workforce by 307 people as it extended the suspension of its nickel ore production in Sudbury. FNX has various properties located in the Sudbury mining camp. Its head office is in Toronto.

Baffinland Iron Mines Corp. (TSX:BIM) has appointed **Gwen Gareau** to the position of CFO, succeeding **Robert Chausse**. Chausse has accepted a position with another company but will continue to act as a consultant, Baffinland said in a release. Gareau is a CA who joined Baffinland as controller in April 2008. Baffinland is a junior mining company focused on its wholly owned iron-ore deposits on Baffin Island. Its head office is in Toronto.

COO **Patrick Scott** is resigning his position and stepping down from the board of directors as **Ivernia Inc.** (TSX:IVW) closes its office in Sydney, Australia. The Toronto-based company said the closure and Scott's resignation are part of a larger cost-cutting program. The move comes as many metals miners around the world feel the pinch from a rapid contraction of commodity prices. Ivernia said Scott's responsibilities would be handled by chief executive **Alan De'Ath**, while corporate functions will be managed from the company's Toronto headquarters.

Packaging company **Polyair Inter Pack Inc.** (TSX:PPK) has named **Gary Tessitore** as CEO and a director, **Michael McEntee** as CFO, and **Martin Gilvarg** executive VP. Polyair manufactures a wide range of protective packaging products and swimming pool solar covers in North America. Its head office is in Toronto.

Brian Hedges will succeed **Edward Siegel** as president and CEO when Siegel retires on May 12 from **Russel Metals Inc.** (TSX:RUS). Hedges joined Russel as CFO in 1994 and is currently

executive VP and COO. Russel is a metal distribution company with head office in Mississauga.

Yukon Gold Corp. Inc. (TSX:YK) says that **Ronald Mann** has resigned as president, CEO and director. **J.L. Guerra** was named president and CEO. He has more than 20 years of experience organizing and directing junior exploration mining concerns. Yukon Gold explores and develops mining properties. Its head office is in Toronto.

Augen Gold Corp. (TSXV:AUJ) says that **Michael Fowler** has resigned as its president and CEO, as COO of Augen Capital Corp. (TSXV:AUG) and as director of both. "In view of current market conditions the company is looking at other means of reducing overhead," Augen said in a statement. Augen Gold is a gold exploration company with claims in the Swayze Greenstone Belt. Its head office is in Toronto.

Takara Resources Inc. (TSXV:TKK) says **Julie Lassonde** will replace **Jennifer Boyle** as president. Lassonde was most recently VP of corporate development with Southampton Ventures. Boyle will replace **Wesleigh Harkness** as CFO. Harkness was interim CFO and she will continue as a consultant. Takara Resources is a junior mining exploration company. Its head office is in Toronto.

Geoinformatics Exploration Inc. (TSXV:GXL) has named **Rosie Moore** as its interim CEO. Moore joined the board in June and is a consultant to Geologic Resource Partners LLC. GRP is the investment manager for a family of geologic resource funds that hold about 84.9 percent of the common shares. Geoinformatics is based in Toronto.

Invesco Trimark has named **Norman MacDonald** to the positions of VP and portfolio manager. He brings more than 14 years of investment industry experience. Based in Toronto, Invesco Trimark is a subsidiary of Invesco Ltd., an investment manager.

Shafique Shamji has been named president of software company Privasoft. Shamji has more than 20 years' experience in information technology, most recently as president of SS TeleConsulting. Privasoft produces collaborative software for managing freedom of information, access to information and privacy legislation compliance. It has offices in Ottawa, Virginia and the U.K.

—with files from *The Canadian Press*
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